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CONTENTS

Latin America

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INTER-AMERICAN AFFAIRS

10th Nuclear Conference Inaugurated in Montevideo [EFE] A 1
Argentina, Brazil, Chile Support [EFE] A 2
'Official Report' Approved [EFE] A 3
Area Leaders Urge Joint Negotiation of Debt A 4

ARGENTINA

Commentator Views Crisis Within Nuclear Sector B 1
Old 'Plan' To Kill President Alfonsin Surfaces B 2
Caputo Discusses Alfonsin's European Tour B 2
Air Force Chief Urges Unity, Cooperation B 3

BOLIVIA

New Secretariat Will Control Drug Trafficking [AFP] C 1
Search for Irregular Armed Groups To Continue C 1
Minimum Wage Hike for Public Servants Decreed C 2
Briefs: Indian Ambassador Received; Army Appointments Announced C 2

BRAZIL

Newspaper Comments on Parallel Nuclear Program [VEJA 22 Apr] D 1
Program Funding Explained [FOLHA DE SAO PAULO 7 May] D 6
Planning Minister Views Economic Plan, Growth D 6
Briefs: Trade Balance Declines D 6

CHILE

PDC Leader Valdes Denies Meeting With Reagan [EFE] E 1
Minister Says Terrorist Actions Decreasing E 1
Bomb Destroys Electrical Tower Outside Santiago [EFE] E 1
Soviet Fishing Vessels Spotted Off Arica E 2
Government Lifts Ban on Catholic Radio Station E 2
Briefs: Japanese Fishing Cooperation Set E 2

COLOMBIA

Extradition to U.S. of Drug Suspect Approved [EL TIEMPO 5 May] F 1
ELN Announces Launching of New 'Guerrilla Front' [EL TIEMPO 4 May] F 1
Government To Create Commission on Border Dispute [AFP] F 2
Briefs: Unemployment Figures; New Energy Deputy Minister; Cocaine Haul F 2

ECUADOR

Labor Minister Resigns; Possible Replacement Named G 1
Democratic Left Proclaims Presidential Candidate [EFE] G 1
Briefs: CEPE Signs Agreement G 2

PARAGUAY

ULTIMA HORA Interviews Laino on Political Issues [2 May] H 1
Peasant Leader's Release Ordered by Judge [AFP] H 5
Condition 'Delicate' [HOY 8 May] H 5

PERU

Dynamite Explodes Near President's Home [AFP] J 1
Further on Explosions, Shoot-Out [Buenos Aires REUTER] J 1
Government Official Murdered in Huancayo J 2
IU's Barrantes, U.S. Ambassador Meet in Lima [AFP] J 2
Minister Murgia Inaugurates Telecommunications Fair J 3

VENEZUELA

Lusinchi on Border Dispute Commission 'Leak' [AFP] L 1
President Lusinchi on Oil Production Levels [EFE] L 1

MEXICO

PRC Congress Official on Superpower Intervention M 1
Financial Accords Signed With Netherlands, Austria M 1
Moroccan Minister Proposes Talks; Discusses Polisario [EXCELSIOR 28 Apr] M 2
Briefs: New Brazilian Ambassador Received M 3

PANAMA

PRD Lists 3-Year Economic Options for 1987-90 [LA REPUBLICA 3 May] N 1
Delvalle Threatens Reprisal If U.S. Aid Cut [CRITICA 5 May] N 4
Delvalle Says Economy Improving, No Cabinet Change N 5
Commentary Lauds Antinarcotic Efforts [LA REPUBLICA 8 May] N 5
Daily Questions U.S. Attorney General's Actions [LA PRENSA 8 May] N 6

CENTRAL AMERICA

COSTA RICA

Foreign Minister Announces Peace Plan Changes [LA NACION 25 Apr] P 1

EL SALVADOR

Officer Denies Knowledge of Contra Operation P 2
Communique Denies Links P 3
Chief of Staff Chairman Rejects Secord Charges P 3

HONDURAS

Deputy Discusses U.S. Position on Region P 6
Political Leaders Urge 'Congruous' Foreign Policy P 7
USSR Begins Talks To Establish Trade Relations [AFP] P 8
Private Sector Favors Ties [AFP] P 9

NICARAGUA

Contra Discusses CIA, FDN 'Terrorist' Plans P 10
PSC Denies Links With Armed Opposition P 11
[EL NUEVO DIARIO 7 May]
UNO, BOS Form New 'Nicaraguan Resistance' P 12
[BARRICADA 8 May]
Ortega Sends Message to Czechoslovakia's Husak P 12
Bayardo Arce Meets With Mozambique's Dos Santos P 13
Repatriation of Miskitos From Honduras Begins P 13
Cabrales Discusses Distribution Changes, Shortages P 14

CUBA

CIA Accused of Meddling in C.A. Unions Q 1
Abrams Makes 'Anti-Castro' Remarks at Ceremony Q 2
Venezuela Denies Jorge Blanco Political Asylum Q 3
Costa Ricans Report Contras Seen Near Border Q 3
Kolmogorov Signs Standardization Agreements Q 4
Meets With Rodriguez Q 4
Castro Presides Over Meeting Reviewing Economy Q 4
'Orthopedia-87' Congress Inaugurated in Havana Q 4
Castro Presides Over Closing Q 5
Camilo Cienfuegos Schools Report Positive Results Q 5
Unification of Contra Factions Reported Q 6
Anniversary of Soviet Victory Over Fascism Recalled Q 6
Dominican President Offers Facilities to Jorge Q 7
Possible Transfer to Atlanta Q 7
Angolan, Irish Deputies Briefed; Sri Lankans Leave Q 7

10TH NUCLEAR CONFERENCE INAUGURATED IN MONTEVIDEO

PY291746 Madrid EFE in Spanish 2333 GMT 28 Apr 87

[Text] Montevideo, 28 Apr (EFE) -- Uruguayan Foreign Minister Enrique Iglesias and Venezuelan Antonio Stempel Paris today dedicated in Uruguay the 10th Conference of the Organization for the Proscription of Nuclear Weapons in Latin America (OPANAL).

This conference, which is being held in Montevideo, will seek the full integration of Argentina, Chile, and Brazil, which have not yet fulfilled all the requirements. Present at the conference are delegates from the 23 Latin American countries who are signatories of the Tlaltelolco Treaty. Present also at the conference are delegates from Great Britain, the Netherlands, the United States, France, the PRC, and the Soviet Union, who are signatories of the additional protocols for the denuclearization of Latin America.

Iglesias was appointed president of the conference and welcomed the representatives of the different nations working against the nuclear arms race in the region. He said that "for Uruguay it is always an honor to be a part of the initiatives that seek the unity and desire the common action of our sister countries."

The Uruguayan foreign minister said that his country "feels encouraged by the pacifist initiatives of the region, which seek to keep Latin America a zone free of nuclear weapons, excluding it from the great nuclear arms race and preserving our peoples from the dangers of a nuclear holocaust." Iglesias added that with the Tlaltelolco Treaty, the continent "wanted to give and wants to continue giving an example to the world, and thus celebrating the 20th anniversary of that example is something to which we are all committed."

Stempel Paris, secretary general of OPANAL, made an assessment of the past 2 years and emphasized the negotiations with those countries which have not yet fulfilled the requirements to become members of the treaty. He said "although I am firmly convinced that all Latin American and Caribbean countries are voluntarily withdrawing from the nuclear arms race and adhering to the objectives and purposes of the Tlaltelolco Treaty, it is appropriate to redouble efforts to achieve a definite zonal integration."

Belize, Cuba, the Dominican Republic, Guyana, St Vincent and the Grenadines, St Lucia, and St Christopher and Nevis are the nations of the region which have not yet joined the treaty, it has been reported.

Stempel Paris explained that following the amendments to the OAS Charter, approved in Cartagena de Indias (Colombia) in 1985, new prospects were opened up for these countries.

Cuba maintains its negative position, but the secretary general feels that "Cuba will understand that the best guarantee against any possible foreign nuclear aggression will be the signing and ratification of the Tlaltelolco Treaty, which will show in an unquestionable manner its desire for peace and its firm support for the military denuclearization objective, so often expressed by the Cuban authorities."

Stempel Paris added that "OPANAL is still seeking the paths that will lead us to gradually overcome the obstacles that have prevented the ratification of the treaty by Argentina and the granting of waivers to Brazil and Chile."

In addition to ratification, the treaty demands the granting of full or partial waivers of the requirements to become a member. Diplomatic sources have stated that border conflicts and territorial demands represent the main obstacles.

Argentina, Brazil, Chile Support

PY3O1645 Madrid EFE in Spanish 2318 GMT 29 Apr 87

[By Alberto Pepe Leira]

[Text] Montevideo, 29 Apr (EFE) -- Argentina, Brazil, and Chile, three Latin American countries that have not met the requirements set by the Tlaltelolco Treaty, today agreed not to use nuclear energy for military purposes. During the second working meeting of the Organization for the Proscription of Nuclear Weapons in Latin America (OPANAL), the delegates of the three countries endorsed the principles of the denuclearization treaty.

The Chilean and Brazilian delegates explained that their countries have not met the requirements of the treaty because of technical reasons and not because they disagree with the principles of the treaty. Argentina signed the treaty in 1967, but has not ratified it.

The Peruvian delegate warned that over 50 percent of Latin America is not denuclearized, while the Netherlands delegate deplored the fact that the new democracies of the region have been unable to solve the problem.

OPANAL sources told EFE that today's session served "to give political support to the world's first denuclearized zone." Despite the controversial nature of the issue, the meeting produced major technical results, such as the approval of the report submitted by Venezuelan Antonio Stempel Paris, OPANAL secretary general.

In a 28-page report, Stempel Paris summarized the activities of OPANAL over the past 2 years, warning that "all nations are directly or indirectly facing the danger of a devastating nuclear holocaust."

"All of us should realize that the path leading to peace is by no means an easy one, and that this effort will succeed only if undertaken in consecutive stages and through mutual concessions and extremely complex negotiations," he added.

The secretary general said that the situation has emphasized both the importance of the Tlaltelolco Treaty and the need for "a denuclearized zone covering the entire Latin American territory." According to Stempel Paris, "this is the best method to prevent an arms buildup in our continent and to reassure its inhabitants that the nuclear danger has been driven farther away." Stempel Paris stressed that "it would be very advantageous and significant for all of Latin America if Cuba signed the treaty banning the proliferation of nuclear weapons in the region."

"The Cuban Government, however, many times stated that it will not sign the treaty, while the United States maintains its military base in Guantanamo and its unfriendly attitude toward the Cuban nation," he added.

'Official Report' Approved

PY050355 Madrid EFE in Spanish 0745 GMT 30 Apr 87

[By Alberto Pepe Leira]

[Excerpts] Montevideo, 30 Apr (EFE) -- According to an official report approved by the 10th OPANAL [Organization for the Proscription of Nuclear Weapons in Latin America] conference being held in Montevideo, there are 20 countries, including the 5 great powers, which can produce materials for manufacturing nuclear weapons without foreign support.

The document, drawn up by OPANAL Secretary General Antonio Stempel Paris, notes that the number of countries that are ready to join the nuclear arms race increases every year, "as it becomes increasingly easy to have access to the technology."

According to the report submitted by Venezuelan Stempel Paris, which the conference approved in its second day of sessions, "this situation, in the absence of a previous commitment to use nuclear energy for nonmilitary objectives, has posed one of the most serious dangers to mankind."

The OPANAL conference, which is scheduled to end today, is trying to extend the effects of the Tlaltelolco Treaty to the entire Latin American territory. The treaty, which was signed by 26 countries, has been enforced only by 23, because Argentina has not ratified it, despite the fact that this nation signed the treaty in 1967 and that Chile and Brazil have not met the treaty's technical requirements. [passage omitted] More than 50 percent of Latin American territory currently remains outside the denuclearization zone established by the Tlaltelolco Treaty.

During the meeting, Argentina, Chile, and Brazil promised not to use nuclear energy for military purposes, despite the fact that they have not met the requirements of the treaty. However, there was long debate on the issue, and some specific problems could not be solved. A high-ranking source at the conference, who asked not to be identified, said that "there are decisions that cannot be made by civilians, despite the consolidation of democracy in most of Latin America."

To the South, Argentina claims rights over the Malvinas islands and fears that Great Britain may have stored nuclear weapons on the islands. To the north, Cuba and four other Caribbean nations -- Dominica, St Lucia, St Vincent and the Grenadines, and St Cristopher and Nevis -- have refused to sign the treaty.

Stempel Paris notes that "it would be very advantageous and significant for all of Latin American if Cuba signed the treaty banning the proliferation of nuclear weapons in the region." "The Cuban Government however. many times stated that it will not sign the treaty while the United States maintains its military base in Guatanamo and its unfriendly attitude toward the Cuban nation," the report notes. In the Pacific Ocean area, Chile has been on the alert since France refused to sign the additional Tlaltelolco Treaty Protocol No 1, despite the Rarotonga Treaty, which established a denuclearization zone in the South Pacific in 1985.

Chilean Ambassador Juan Toro Davila conveyed his country's concern about the French refusal, "in particular because that power has for a long time conducted nuclear tests in the southeastern Pacific region, despite the repeated protests and condemnation from the international community." France is the only nuclear power with territories in the area which has not ratified the denuclearization treaty.

AREA LEADERS URGE JOINT NEGOTIATION OF DEBT

PA051811 Quito Radio Quito in Spanish 2300 GMT 4 May 87

[Text] Several former presidents and personalities of Latin American countries have issued a joint declaration demanding that negotiations be held on the foreign debt. This was announced by former President Osvaldo Hurtado Larrea, who participated in the meeting of Latin American personalities. The document stated that our countries want to pay for their own mistakes, but that they cannot assume responsibility for those of their creditors. Osvaldo Hurtado indicated that (?he is) the promoter of joint negotiations on the Latin American foreign debt.

[Begin Hurtado recording] Therefore, we request:

1. Latin American solidarity and joint renegotiation as a reply to the crisis. [passage indistinct]

2. The setting of limits on the payment of the debt (?on the basis) of exports [words indistinct].

3. Regional cooperation with the development of [words indistinct]. The results of that cooperation [words indistinct] could be allocated in each nation for (?social) investments. To this end, special funds might be created or existing funds might be strengthened for the essential objective of aiding housing, education, nutrition, and health plans, and also to make purchases in Latin America and the Caribbean.

4. Immediately convoke the SELA to gather its foreign, economy, and finance ministers to formalize the agreement and propose the servicing of the debt within the previously mentioned limits, bearing in mind the characteristics and levels of each country's exports and production of goods and services.

5. Incorporate into law those clauses similar to ones that exist [words indistinct].

6. [Word indistinct] overall negotiation with creditors [words indistinct]. This negotiation should include all the interests of [words indistinct] bear in mind the cost of the foreign debt crisis for the workers and businessmen of the United States, Europe, and Japan provoked by the violent drop in Latin American imports [words indistinct]. [end recording]

COMMENTATOR VIEWS CRISIS WITHIN NUCLEAR SECTOR

PY090112 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1830 GMT 8 May 87

[By Daniel Santoro]

[Text] Buenos Aires, 8 May (NA) -- The serious crisis that the National Atomic Energy Commission (CNEA) is experiencing calls for rapid action by the government to preserve one of the few sophisticated technological skills that Argentina has mastered.

It is surprising that an important organization like the CNEA has been pratically without a leader this month, since CNEA President Alberto Constantini has not reported to work and has submitted his irrevocable resignation because of major budget problems. In the meantime, the main CNEA construction projects -- the completion of the Atucha II and the Arroyito heavy water plant in Neuquen -- are paralyzed. On 4 May, all CNEA personnel began a 15-day stoppage demanding a salary increase.

The government should be taking a stand and outlining its position on the Argentine nuclear program, instead of advocating a Latin American technological plan through the Foreign Ministry while asphyxiating the CNEA through the Finance Ministry.

It is surprising that Congress has not even asked for information on the subject, and that the public should learn about the issue through leaks about the struggle over the CNEA budget between Constantini and Finance Secretary Mario Brodersohn, who seems to believe the CNEA is no more important than the railway company.

Is it good for our country to train technicians and scientists who will go abroad or, if we are lucky, will be hired by the local private sector? This is what is happening at the Argentine Nuclear Enterprise for Electric Power Plants [ENACE]. Where 75 percent of the personnel belong to the CNEA and the remaining 25 percent to Kraftwerk Union (KWU), which is in charge of the engineering design and construction of Atucha II, among other projects. In recent months, 79 professionals and 93 technicians, out of a total of 630 ENACE employees, resigned.

Beyond the old controversy of whether it is more convenient to generate power with hydroelectric or with nuclear plants, Argentina will certainly need more energy in the future. The fate of this sector cannot be decided by one government, much less by one sector of the government.

The CNEA crisis has also affected, among other projects, the fourth nuclear plant project, the completion of the Tandar electrostatic heavy ion accelerator of the Constituyentes plant, the Arroyito heavy water plant in Neuquen, and the Pilcaneyu uranium enrichment plant.

The resolution of the CNEA problem will decide not only the fate of the 5,600 CNEA employees but also the future of the entire nuclear private sector and the country's technological future. The executive branch and Congress should study Constantini's CNEA restructuring project, to make sure the CNEA will become a self-supporting agency, so the Argentine nuclear program does not fall under sectorial or foreign interests.

OLD 'PLAN' TO KILL PRESIDENT ALFONSIN SURFACES

PY080334 Buenos Aires DYN in Spanish 2154 GMT 7 May 87

[Excerpts] Buenos Aires, 7 May (DYN) -- Convicted General Ramon Camps had at one time warned authorities about a plan to murder President Raul Alfonsin. This information was revealed by the legal proceedings of the case dealing with the investigation into an ultrarightist cell, which has been blamed for recent bomb attacks. An unknown person proposed the plan to the former Buenos Aires police chief when the latter was at the central military hospital.

Camps reported the plan through a note sent to then Army Chief of Staff Lieutenant General Hector Rios Erenu. Legal action was taken to examine the case, but the investigations apparently failed. The subject has again surfaced with the proceedings by Moron Federal Judge Juan Maria Ramos Padilla.

Reliable sources told DYN that Ramos Padilla asked for the case history files in order to continue the investigations. Thus far the investigations led to the dismantling of an ultrarightist cell that was in possession of at least 10 pounds of trotyl, 20 MK-2 grenades, machineguns, small and large-caliber weapons, ammunition, and military uniforms. [passage omitted]

Reliable sources said Judge Ramos Padilla also asked for the case file entitled "Plot Against Democracy," which prompted the declaration of the state of siege for 60 days in October 1985 and the arrest of 12 persons -- civilians and military men -- who were released and acquitted after long legal proceedings.

Rossi, Camps' collaborator who is presently under arrest, admitted that the ultrarightist cell of which he was a member, sought to "cause trouble in the country" with the objective of "putting an end to the democratic regime and bringing the military back to power." He alleged that he, Folco, and Lopardo used the trotyl found in the residence of members of the group, "in sports activities, such as fishing." According to their testimonies, they detonated the trotyl in lakes and rivers to kill fish and later "comfortably pick them up with a net."

The indictment states in the chapter that describes Camps' arsenal and the placards that were confiscated from Folco and Lopardo's residence that it now seems they wanted to go out "and hunt with handguns and long-barrel guns, half-boots, military uniforms, pamphlets, and posters."

CAPUTO DISCUSSES ALFONSIN'S EUROPEAN TOUR

PY090145 Buenos Aires TELAM in Spanish 1300 GMT 8 May 87

[Text] Buenos Aires, 8 May (TELAM) -- Commenting today on Argentine-Italian cooperation programs, Argentine Foreign Minister Dante Caputo said it is unusual for a highly developed country of the Northern Hemisphere to want to associate itself with a country like ours, a developing country. He added that Argentina enjoys a very special relationship with Spain and Italy.

Caputo said Italy has shown a particular interest in Argentina. He said Italian officials have supplied (integration) ideas. There was no need to go and convince them. Generally it is the other way around. I believe this is quite an exceptional case.

Caputo stated that President Raul Alfonsin's trip to Geneva, Switzerland, where he will attend the annual ILO meeting, is confirmed. He added there is still no date for Alfonsin's scheduled visit to Italy because his tour will overlap with the advanced general elections in that country.

Caputo noted the significance of the president's tour within the framework of the integration agreements that have been signed with Italy. He said: These agreements are important because very few countries have supported Argentina's interests as Italy has done. He said that now we have to develop this joint undertaking.

The foreign minister said he met yesterday with Alfonsin to organize his tour, because trips (?of this nature) are complicated. Caputo said the trip to ILO headquarters in Geneva is confirmed, as is the trip to Bern, where Alfonsin will make an official visit. After that nothing is certain yet because his visit will overlap with the Italian elections.

Caputo also said that during his recent visit to the United Nations, he worked on the Security Council and General Assembly agendas to prepare for the issues Argentina will have to face. He added: Obviously I worked on the Malvinas issue. We drafted the diplomatic strategy that we will carry out within the framework of international organizations.

AIR FORCE CHIEF URGES UNITY, COOPERATION

PY021914 Buenos Aires TELAM in Spanish 1149 GMT 30 Apr 87

[Text] Buenos Aires, 30 Apr (TELAM) -- Following the recent episodes that could have jeopardized the nation's integrity, Air Force Chief of Staff Major General Ernesto Crespo today urged the Air Force cadres to continue to show, even at great institutional or personal sacrifices, that it is indispensable to actively cooperate in strengthening the institutions, which are the inseparable mainstay of the state's structure and the faithful guardians of national sovereignty.

The Air Force chief of staff made these comments this morning during a ceremony held at 1100 at the 8th Air Force brigade, headquartered in Mariano Moreno. The ceremony commemorated the fifth anniversary of the baptism of fire experienced by the Air Force on 1 May 1982 during the Malvinas War.

In his message, the text of which was read in similar ceremonies held at all Air Forces bases throughout the country, Crespo paid sincere homage to those who fell in combat in the South Atlantic, stressing that they wrote pages of glory, courage, and honor in the fatherland's and the Air Force's history.

Crespo added that the sacrifice was not in vain because their full dedication to defend this sovereign land, in cooperation with the other branches of the Armed Forces, now permits our nation to stand up and face the other countries of the world.

In addition, Crespo called upon the Air Force cadres to unite in this commitment of loyalty to those who shall not return and, contribute with discipline, goodwill, and a sense of duty to the greatness of the institution for the good of the fatherland which we swore to defend with our lives.

NEW SECRETARIAT WILL CONTROL DRUG TRAFFICKING

PY081441 Paris AFP in Spanish 0638 GMT 8 May 87

[Text] La Paz, 8 May (AFP) -- It has been officially reported in La Paz that Bolivia will create a state secretariat charged with controlling drug trafficking activities, a secretariat that will be directly subordinated to the president of the Republic. In fact, it will be a new ministry that will have a task force, made up of strictly selected personnel, whose goal will be to reduce the price of coca leaves, in order to discourage coca plantations.

Deputy Planning Minister Carlos Machicado Algiro has explained that this goal will only be achieved by systematically repressing drug traffickers and preventing them from purchasing coca leaves, the indispensable raw material for processing cocaine. If this is done, said Machicado, the prices for coca leaves will be reduced to such a point that the peasants will want to change their coca-leaf plantations for other, more profitable, plantations.

It was learned from official sources that Bolivia has committed itself, with the United States, to create the new state secretariat, a fact that will be mentioned in an agreement on controlling drug trafficking activities which the two nations will sign over the next few hours. Simultaneously, it was noted that Bolivia has secured, mainly from the United States, $118 out of the $300 million required to implement a 3-year program to repress cocaine producers and traffickers. The balance could be supplied over the next few months by other industrialized countries of the international community.

SEARCH FOR IRREGULAR ARMED GROUPS TO CONTINUE

PY041526 La Paz La Red Panamericana in Spanish 1130 GMT 4 May 87

[Text] Reports published today by the morning dailies, datelined Cochabamba, state that the Interior Ministry and the Armed Forces intelligence agencies continue investigating the possible presence of irregular armed groups in Bolivian territory. This information was supplied in Cochabamba by Under Secretary of Interior Eduardo Perez, who is in that city to meet with representatives of MNR [Nationalist Revolutionary Movement] groups running for the Cochabamba MNR leadership.

The under secretary stated that there are no indications that members of the Peruvian Shining Path terrorist organization are based in Bolivian territory; nevertheless, reports to that effect are being carefully investigated. He pointed out that background information and other necessary data is being gathered to determine whether or not irregular groups are operating in Bolivian territory, regardless of whether these groups are made up of foreigners or Bolivians.

Elsewhere, the under secretary reported that the Interior Ministry security agencies are taking the necessary steps to prevent public order and security from being disrupted as a result of meetings held by trade union leaders, specifically the Bolivian Labor Confederation [COB] congress. Perez noted that the activities in the country are being held normally under the protection of the government, which has instructed the agencies charged with maintaining public order to take the necessary steps to ensure that the law is respected.

The under secretary criticized some trade union leaders who, in response to political slogans, are seeking to lead the workers into confrontations that can compromise the trade union movement itself. He stated that despite destabilization efforts by some sectors, the democratic process is ensured by the government, which is committed to the country's and the Bolivian institutions' development.

Perez supported the implementation of the government's economic policy because it seeks to achieve the nation's development, that is, the development of all Bolivians.

MINIMUM WAGE HIKE FOR PUBLIC SERVANTS DECREED

PY041635 La Paz La Red Panamericana in Spanish 1130 GMT 4 May 87

[Text] The government has established a new minimum wage for all Bolivian workers. Effective 1 April, the minimum wage has been established at 50 Bolivianos, thus implementing a 15 percent wage increase for Bolivian workers. The decree, issued a few hours ago at Government Palace, states that this increase is intended for public servants and that workers in the private sector must arrange their wage increases by conducting negotiations with their employers, that is, negotiations between companies and workers.

The outstanding resolutions of the decree state the following:

Article 1) Effective 1 April 1987, the minimum wage is established at 50 Bolivianos.

Article 2) Effective 1 April 1987 and with a compulsory nature for all public-sector organizations whatever their source of financing, a 15 percent increase is established for wages in effect on 10 March 1987.

Article 3) In order to effectively implement this decree, the wage scales, the budgeted payrolls of the public-sector organizations, and other wage-related papers must be approved by the Finance Ministry through the budget, accounting, and auditing under secretariat.

Article 4) The resolutions included in Supreme Decrees No 21,137, and 21,316, which regulate the wage system and are not in conflict with the decree, remain in effect.

Article 5) Payment of wages in excess of those established in the current supreme decree will be regarded as mismanagement of funds. In keeping with this, the office of the Bolivian comptroller general must act in accordance with the law.

The finance minister is hereby charged with implementing the current supreme decree, which became effective on 1 May and is retroactive to 1 April.

BRIEFS

INDIAN AMBASSADOR RECEIVED -- President Victor Paz Estenssoro yesterday received the credentials of the new Ambassador of India to Bolivia, Savitri Kunadi, during a special ceremony. Ambassador Kunadi is concurrent ambassador to Peru and resides in Lima. [Summary] [La Paz EL DIARIO in Spanish 14 Apr 87 p 1 PY]

ARMY APPOINTMENTS ANNOUNCED -- Oruro, 17 Apr -- Lieutenant Colonel Pedro Morales Landivar has been installed as the new commander of the Topater Armored Battalion in this city, replacing Lieutenant Colonel Augusto Carrasco, who was appointed to the faculty of the Army Weapons School in Cochabamba. Colonel Jorge Salazar Crespo, commander of the 2d Army Division, has reported that Colonel Alfonso Tapio Montano was appointed chief of staff of the 2d Army Division, replacing Colonel Isaac Capriles Jordan, who has been promoted to commander of the 6th Army Division in Trinidad. [Text] [La Paz EL DIARIO in Spanish 17 Apr 87 p 7 PY]

NEWSPAPER COMMENTS ON PARALLEL NUCLEAR PROGRAM

PY301843 Sao Paulo VEJA in Portuguese 22 Apr 87 pp 92-97

[Text] For almost a decade now, an immense octopus, with its head hidden under a military cap, has been clandestinely moving around the country, awakening great fear in some people and delight in others. It is called the parallel nuclear program. This animal has its tentacles around more than 3,000 people, including scientists, technicians and other employees who live to serve it, and are well paid to do so. It carries in its womb dozens of large industries, which it employs. It has a voracious appetite consuming between $1 billion to $3 billion a year, perhaps more. It is also a deep-water mollusk: Appropriations for it are not listed in the books of the Finance Ministry, however, all the money it spends comes out of the tax payers' pockets. Its bank accounts have picturesque names like Delta Three, Delta Four, and God knows what other names -- clandestine, of course.

Reliable sources indicate that the organization engages in smuggling whenever it wants something difficult to obtain. It is also known that it has often bought industrial secrets from international spy rings under the pretext of pushing for a quicker development of nuclear research in Brazil. In conclusion, the most serious aspect is that the parallel nuclear program, which was an offspring of the warmongering dreams of the military presidents, has continued without noticeable modifications during the civil administration of President Jose Sarney. As was the case before, it now seems to be bent on discovering the explosive formula that will allow Brazil to manufacture its first atomic bomb within a few years. "We would only need to invest more money, conduct further research, and make a political decision in that direction," says the director of the National Commission for Nuclear Energy (CNEN), which is the civilian front organization for the parallel program.

Invisible channels [subhead]

Just the mention of the Brazilian atomic bomb immediately splits opinions. There are those who shudder at the idea that the country might have the bomb, and use it for the wrong purpose, and there are those who believe it to be indispensable for reaffirming the nation's position. However, the main issue in Brazil today is not the ethical implication of the bomb. Neither is it important to first discuss what the bomb will blow up, something that will inevitably have to be faced in the future. No one yet knows when or where it is going to explode. Nevertheless, the atomic bomb has already exploded in the midst of public accounts, with calamitous results. The operation is secret, and the bankrupt country that all Brazilians want to see emerge from the economic quagmire, sustains a program that swallows dollars through invisible channels not controlled by anyone outside the framework of the nuclear program.

One year ago, when the government wanted to centralize the accounting of state enterprises, the Central Bank board of directors was surprised by the discovery of an unexpected pool of quicksand in the National Treasury. "Some $200 to $300 million were taken out of foreign accounts in minutes right before our eyes," a former bank director said. The parallel program had an account in Rio de Janeiro, the Delta Three, as well as a clandestine account at the Pinheiros branch of the Bank of Brazil.

When authorities tried to find out who the account holder was, nuclear engineer Rex Nazareth Alves, president of the CNEN, and Colonel Carlos Lemos de Campos, one of his assistants, showed up in Rio de Janeiro. In Sao Paulo, the Delta Four account was in the name of Captain Marcos Alberto Barbosa Honaiser and Admiral Athon Luiz Pinheiro da Silva. Rex Nazareth admitted that "the two accounts have changed names and continue to operate," adding that "these accounts must be kept secret." Actually, there are other accounts which should be kept secrets. [paragraph continues]

A former director of the Institute for Nuclear and Energy Research (IPEN) in Sao Paulo said last week that he knew of people who are receiving money from the secret accounts Delta One and Delta Two. It is possible to speculate then, that there could be a Delta Five, a Delta Six and so forth. Furthermore, one could be tempted to imagine that, given the discovery of an account called Delta, which is the fourth letter of the Greek alphabet, there could have been predecessors: Alfa, Beta, and Gamma.

Second Set of Books [subhead]

Why is it necessary to disguise this accounting system? The Brazilian nuclear program is classified, as in other countries, including the United States. However, U.S. classified issues are discussed in Congress during closed doors sessions. In Brazil, it is more than classified: There is a parallel secret accounting system which spends the contributor's money, somewhat akin to a second set of books that registers payments to a large network of employees, and fattens the accounts of the companies that develop the technology for the nuclear program. Since the project is secret, these companies get the work without having to go through the public bid process.

In conclusion, the expenses of this gigantic program may be greater than so far estimated, even by the most optimistic. According to Ramayana Gazzinelli, president of the Brazilian Physics Society and professor at the Minas Gerais Federal University, just two of the projects publicly acknowledged by the program -- two uranium enrichment projects -- will cost $1.5 and 2 billion respectively. "It is a stupidly expensive investment," the professor said, disagreeing with the methods of uranium enrichment used by the parallel program. The only thing the Brazilian scientists who work on the parallel program can discuss is the visible part of the nuclear iceberg. They must remain quiet about their own part, probably the biggest one, hidden out of sight.

Official Program [subhead]

The parallel program intends to create a broad range of technological openings in different fields, which will include agriculture, health, and electrical power. However, a nuclear mushroom can be seen in the background. "We do not need a bomb now, because there are no foreign enemies in sight," said former Navy Minister Admiral Maximiano da Fonseca. Fonseca has closely followed the development of the nuclear program. "We need to learn the technology to be able to build a bomb if needed," added Fonseca. Among Brazilian businessmen, many of them defend the idea of building a bomb. "Brazil must make an effort to master this stage," Antonio Emirio de Moraes has said. Moraes, owner of the Botorantim Corporation, was candidate for Sao Paulo governor during the last elections. Even among scientists -- a group of people from whom opposition to any military initiative is generally expected -- there are people who approve of building a bomb. "With a bomb, Brazil will greatly increase its negotiating power on the international scene," said physist Marcelo Damy de Souza. Damy de Souza is a former CNEN president, and currently a professor in the Sao Paulo PUC [Pontificial Catholic University], as well as a respected national expert in his field.

Brazilian military men, like those of any other country, agree on one thing: they defend nuclear weapons. By principle, they are all against them, but why not learn how to build them because they may become necessary some day? "It is not our objective to build atomic bombs, but with the training we are getting we will be able to build them," General Haroldo Erichsen da Fonseca, Army secretary of science and technology, said recently. Like this, war can borrow one of Vinicious de Moraes' [famous Brazilian poet] ironical definitions of paternity: Children? It is better not to have them. But how does one know this if one does not have them first?

The desire for obtaining national training in the nuclear field is the force that is pushing the parallel nuclear program, ever since it was born to its secret, spendthrift career, free from any legal control. It did not take long for the scientists and military men to discover that they could expect little in this field once the agreement with the FRG -- the "official program" -- was signed in 1975. It was then that it was decided to create the octupus: a national, complete, underground program that, according to the hopes of its sponsors, would unveil all th atom's secrets to Brazilians.

Several decisive steps have been taken in that direction since then. Four years ago Navy researchers were able to produce a small quantity of plutonium -- the bomb's main raw material -- at the IPEN, which is located on the grounds of the University of Sao Paulo. Four months before that technological achievement, the IPEN was under the jurisdiction of the government of Sao Paulo State. When the 1982 state elections were approaching and the SNI [National Service for Intelligence] predicted the victory of Senator Franco MOntoro, a center-leftist politician, General Danilo Venturini, chief of the Military Household of the Joao Figueiredo administration, through negotiations held in Brazilia, was able to bring the IPEN under the jurisdiction of the CNEN, and through this organization into the hands of the military men where it will stay for the next 50 years according to the agreement made by Venturini. The military men did not want to run the risk of handing over one of the most important nuclear research centers of the country to the government of the PMDB [Brazilian Democratic Mobilization Party] especially on the eve of the production of plutonium by IPEN.

In Ipero, Sao Paulo State, the Navy is building gigantic installations to develop reactors for nuclear submarines. "We are going to make a nuclear submarine, not a nuclear bomb," explained Navy Minister Admiral Henrique Saboya. However, anyone who is capable of making a submarine reactor will refrain from making a bomb only if he chooses. "Just a bit more effort is needed," said physicist Marcelo Damy. Another laboratory very much involved in the nuclear program is the Army Technological Center in Restinga de Marambaia, near Rio de Janeiro. According to a PMDB senator, research is being conducted there to build a bomb. Bombs are useless without missiles to carry them. Hence, the Army and Navy are developing missiles. Will it be necessary to have grounds for testing the bombs? It should be known that the well, discovered last year in the Cachimbo Air Base, southern Para State, has all the characteristics of a site for testing nuclear bombs. This is not the only one existing in the country. "There are others spread around the Amazon," said Rex Nazareth Alves who is so enthusiastic that he faces the nuclear challenge with the spirit of a football fan who is looking at the national team on its way to winning the cup. He said: "To talk about this matter, it is necessary to wear the green and yellow jersey."

Stages Fulfilled [subhead]

If Brazil ultimately wants to explode a nuclear bomb it must follow some steps, whose secrets are already known to Brazil. The country has the fifth largest world uranium reserve. Therefore, it has the radioactive material so useful for producing electricity, as well as for making bombs. Brazilian researchers already know how to purify uranium at least at the laboratory scale and how to transform the uranium from ore to fuel. In its natural form uranium has only 0.7 percent of the necessary radioactive material for a nuclear reactor, and it is necessary to increase its concentration to 3 percent. Rex Nazareth said. "We are overcoming that stage."

It is already possible to activate a reactor with uranium gathered in our own back yard or to be more exact, in the deposits of Pocos de Caldas in Minas Gerais. [paragraph continues]

When uranium is burned, the reactors produce plutonium as a by-product of the reaction, and from this a bomb can be made. In a reactor such as Angra I, sold to Brazil by Westinghouse, the fuel is produced abroad and the plutonium is then washed and sent back under the control of the IAEA. This is an organization which, among other functions, tries to prevent the dissemination of nuclear weapons. On the contrary, with a reactor made in Brazil and fed with national uranium the uranium remains here, and no one can demand its return.

"Officials deny they want the bomb but they are collecting all the necessary ingredients to fill the prescription," said engineer and nuclear physicist Jose Zatz, general manager of the Agency for the Application of Energy of the State of Sao Paulo.

"If someone buys pork fat, port sausage, tongue, pork tail, pork ears, black beans, and broccoli, how can he say that he is not making the Brazilian dish named feijoada?" said Katz. He added: "It is reasonable, then, to expect that one day someone will put all the ingredients in the same pot."

The Brazilian bomb can be defended or attacked with equally logical arguments. The same thing cannot be said about the origin of the nuclear program, which slid underground when the military decided it was a matter that should be under their jurisdiction. It is more than reasonable that the prestige of the National Security Council should be enhanced by giving it more important missions during a long-standing military regime. It is equally reasonable that the nuclear issue, because of its strategic importance, was one of the issues that most worried the military during that period. The problem is to see that organization function in the same manner under a civilian regime. Today there is a National Security Council that has not been touched. An underground parallel program exists today just as it did before.

Physicist Enio Candotti, director of the Brazilian Society for the Advancement of Sciences (SBPC), says: "The Brazilian nuclear program is not a matter to be discussed just by a tiny group whose ideas are unknown to anyone. It is intolerable that such a project is being secretly managed." For those who are advocating nuclear programs, secrecy is a necessary evil. For example, General Rubens Bayma Denys, chief of the Military Household of the Presidency of the Republic, understands that secrecy is essential in a project like the parallel nuclear program. He is not even surprised by the existence of irregular bank accounts. On the contrary, Bayma Denys looks at them benignly, perhaps because he is responsible for one of them -- Delta Three. In an official note sent last February to the Federal Police, who innocently investigated the account as a criminal case, Gen Bayma Denys reported that the Delta Three account actually belongs to the National Security Council.

The situation, which seems natural to Bayma Denys, is considered ridiculous by Deputy Amaury Muller (Democratic Workers Party -- Rio Grande do Sul State). "It is now known that Gen Bayma Denys has used the Delta Three funds in the overnight [preceding work in English] money market for 5 years," said the deputy. It was revealed that the profits of the operation were fully added to the secret account and the people involved did not acquire any of the money. This puts them beyond suspicion but does not improve the deputy's concept concerning this type of operation. "What matters is that there was an irregular, illegal, and illegitimate operation, using Treasury funds in the financial market," charged Amaury Muller.

With the death in 1986 of Rio de Janeiro attorney Antonio Galotti, the history of the influence of the "Account Two" of the Light Company -- a Canadian company that was the concessionary of the electric power supply in Rio de Janeiro and Sao Paulo, and which administered trolley-car and telephone companies -- in sponsoring the Brazilian coups was lost, perhaps for ever. Today, huge amounts of money are circulating between the parallel nuclear program and the military industry. That unaccounted money -- $ 1 million can be quite easily withdrawn -- is in the drawers of retired military men who, quite often, were involved in the repressive apparatus of the defunct 1964 regime. After being made federal police chief for having supported the Tancredo Neves nomination, reserve Colonel Luis de Alencar Araripe, one of the representatives of the group of undisciplined people who called themselves hardliners under the Castelo Branco administration, is now with the SNI [National Service for Intelligence] and is one of the leading and most qualified brains in the nuclear plottings.

General Confucio Danton de Paula Avelino, a very close collaborator of the DOI [Department of Domestic Operations-CODI [Internal Defense Operations Center] in Sao Paulo in the 1970's and a former Army Intelligence Center (CIEX] chief when the CIEX operated as an organization that plotted against a [political] opening, now is an adviser to the Avibras [Brazilian Aerospace Industry] Executive Board. General Jose Luiz Coelho Netto, CIEX chief Milton Tavares de Souza's right-hand-man during the period of strongest repression, is now acting as a promoter of the national military industry. It is estimated that the ideological purge conducted among Brazilian physicists in the 1960's caused a 20-year set back in the country's nuclear development. Physicist Jair Carlos Mello, one of the victims of that purge and a professor at the Federal University of Minas Gerais (UFMG), recalls that he and his companions in the so-called Throium Group more than 2 decades ago advocated the adoption of an independent policy for the nuclear sector. His group was simply dissolved as a result of an authoritarian whim. It is difficult to determine the cost, in dollars or in time, of the entry of colonels and friends of colonels in that operation through SNI.

With a view toward competition with Argentina, which has made more progress than Brazil in nuclear research, the advisers of the parallel program are trying to hasten the steps in a process that theoretically is almost commonplace but that practically presents significant challenges. Everything is known concerning radioactivity; the problem is harnessing it. Uranium is a chemical element whose atmos emit particles called neutrons at high speeds. Enriched by man, the uranium emits these neutrons at a concentrated rate. In this concentrated bombardment inside a reactor, each neutron emitted by an atom collides against another atom, splitting its nucleus and releasing new neutrons that will then split new atoms at an increasing rate. This process is called a chain reaction and, as is known, produces huge quantities of energy. A total of 0.5 kg of enriched uranium supplies as much energy as 3 millions tons of coal.

Any good student knows this chapter in physics. What the scientists and technicians of the parallel program are now trying to do is implement this chapter in practical life, something that is fairly complicated, as can be seen from the Angra I nuclear power plant, which was built in 1971 and has experienced so many breakdowns since then that it cannot be truly said it has been put into operation. So frequent are the breakdowns at the Angra I nuclear power plant and the accidents that are plaguing it, like the fire that destroyed one of its warehouses in 1977, that Brazilian military men have suspected sabotage. [paragraph continues]

The scientists now trying to master the uranium cycle need to build equipment to enrich the mineral, something they are already doing, and must develop metallic alloys to stop the chain reaction in a closed container and build equipment to control the process. The bomb requires all this on a much more refined scale, as well as many other things. To begin with, the bomb is a container housing a dormant atomic reaction and needs to be sufficiently safe to endure warehousing or transportation without detonating. It is not known if Brazil will try to build bombs after building reactors.

But the recent history of nuclear development in countries such as India, the PRC, Pakistan, and Israel suggests that such a possibility should always be admitted. At any rate, the intention to build an explosive device is always denied -- until it is ready.

Program Funding Explained

PY081436 Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 May 87 p A8

[Text] CNEN [National Nuclear Energy Commission] Chairman Rex Nazareth yesterday told the Constituent Assembly Subcommission on Political Rights, Collective Rights, and Guarantees, that funds for the parallel nuclear program are funished by the National Security Council, which keeps a bank account. He said these funds are invested in the "overnight" open market by the Bank of Brazil. The CNEN chairman told congressmen that these operations have have approved and audited by the Federal Court of Audits. Only last year's investments have yet to be audited by this court, but this should probably be done by next June. According to Rex Nazareth, there is nothing illegal about the parallel nuclear program because Decree-Law 200, promulgated in 1967, provides for confidential expenditure by government agencies.

PLANNING MINISTER VIEWS ECONOMIC PLAN, GROWTH

PY062112 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 6 May 87

[Excerpt] Planning Minister Anibal Teixeira said one of the goals of the new economic plan is to ensure that growth is around 5 percent this year and 7 percent per year for the next 5 years.

During the last 2 months, Minister Teixeira has consulted some 600 businessmen on economic matters. According to the minister, most of the businessmen are optimistic, particulary those working in the automobile spare-parts industry, because this sector approximately $1.4 billion worth of spares before the end of the year. Seventy-five percent of the capital goods sector capacity, however, is still idle.

Minister Anibal Teixeira said he sees no indication that there will be recession in the country, although he expressed some concern about inflation. [passage omitted]

BRIEFS

TRADE BALANCE DECLINES -- CACEX [Foreign Trade Department] Director Roberto Fendt has reported that over the 1st quarter of 1987 imports totaled $3.69 billion and exports totaled $4.21 billion. This is a 78.66 percent decline from the trade balance in the 1st quarter of 1986. The Brazilian trade balance surplus in the 1st quarter of 1987 totaled $526 million. [Excerpts] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Apr 87 p 24 PY]

PDC LEADER VALDES DENIES MEETING WITH REAGAN

PY090133 Madrid EFE in Spanish 2223 GMT 8 May 87

[Text] Santiago, 8 May (EFE) -- Gabriel Valdes, president of the Christian Democratic Party [PDC] and a former foreign minister, last night described as "a gross, malicious fabrication" a recent report of a meeting between himself and U.S. President Ronald Reagan. Valdes, who has been visiting New York, denied the report in telephone calls to Santiago newspapers and radio stations. In remarks to Radio Cooperativa, Valdes said: "I have not been invited to the White House. I have not received an invitation from President Reagan, and I have not requested a meeting with President Reagan. I have never even thought about it."

"Because I did not receive an invitation," Valdes said, "and because there was no conversation, the report is just a fabrication." The PDC leader also described as "malicious" the report of his meeting with President Reagan.

According to reports datelined Washington, sources close to Valdes stated the report on the meeting was true, despite denials made by senior U.S. Government officials.

MINISTER SAYS TERRORIST ACTIONS DECREASING

PY070340 Santiago Domestic Service in Spanish 2300 GMT 6 May 87

[Text] Minister Secretary General of Government Francisco Javier Cuadra said the government is working to consolidate the achievements of the modernization efforts that will yield more benefits for the people. The minister made this statement when reporting on a cabinet meeting held at Government House with President Augusto Pinochet. Cuadra said the session was devoted mainly to Interior Ministry affairs and to recent developments in the economy.

[Begin Cuadra recording] At 1000 today, the cabinet met with President Pinochet for 3 hours. The agenda included two major topics. In the political sector, the interior minister reported on the major events of the past 15 days, comparing the actions of terrorists and groups that promoted violence during the first 4 months of 1987 with respect to the same period in 1986. In general statistical terms, the activities of terrorist groups, particularly of the FPMR [Manuel Rodriguez Patriotic Front] has decreased. However, it is not possible to draw sound conclusions on the subject, because it should be recalled that in the second half of 1986 the discovery of the arsenals in the third region dealt a severe blow to extremist groups, severely impairing their capacity to act. [end recording]

Minister Cuadra added that the government and the security and police agencies are always concerned about maintaining order and tranquillity.

BOMB DESTROYS ELECTRICAL TOWER OUTSIDE SANTIAGO

PY030341 Madrid EFE in Spanish 1713 GMT 2 May 87

[Excerpt] Santiago, 2 May (EFE) -- A bomb blew up an electrical tower early today, shortly after the supply of electricity was restored after the blackout that left nine regions in the dark last night. Police sources said the bomb, which contained 2 kg of ammonia gelatine, destroyed tower No 269, located on a farm 25 km from Santiago, at approximately 0300 [0700 GMT] [passage omitted].

SOVIET FISHING VESSELS SPOTTED OFF ARICA

PY060137 Santiago Domestic Service in Spanish 2300 GMT 5 May 87

[Relay from Radio Nacional de Chile station in Arica]

[Text] Large Soviet fishing ships have been detected beyond the 200-mile limit, fishing off the coast of Arica. This has been confirmed by the commander of the Naval Station and Maritime Governor of the Chilean Northern Door [Gobernador Maritimo de la Puerta Norte de Chile] Captain (Mariano Cruzan Palacios). The Arica jurisdiction extends from the territorial waters limit to the mouth of the River Camarones, some 70 nautical miles. The captain said the Soviet ships were detected by National Navy sea and air units just ouitside of our 200-mile exclusive economic zone.

The captain reiterated what Navy Commander and Government Junta member Admiral Jose Toribio Merino said regarding the effective use of the region by the Chilean fishing fleet. He also said Chilean waters are rich in fish. Captain (Cruzan Palacios) also reported that the terrible El Nino current did not cause much damage on the coast of Arica this year. Sea lions, which are the fishermen's worst enemy because they destroy the fishing nets to eat the fish, are still not present in overly large numbers, he reported.

GOVERNMENT LIFTS BAN ON CATHOLIC RADIO STATION

PY051455 Buenos Aires TELAM in Spanish 1954 GMT 2 May 87

[Text] Santiago, 2 May (TELAM) -- The government has lifted a ban on the transmissions of "Radio Leon Trece," owned by the Catholic Bishopric of Inquique, 1,800 km north of Santiago. The 10-day ban on transmissions by this Catholic radio station was decreed on 30 April by the telecommunications under secretariat, citing "technical reasons." The ban was originally to remain in effect for 10 days, but was lifted today, 3 days after it was imposed. Iquique Bishop Javier Prado yesterday expressed surprise over the ban, which he regarded as "inopportune." He was distressed because he was not told about the ban before it was enforced.

"Radio Leon Trece" today resumed its transmissions, which reach several remote towns and areas in the Andean foothills. The radio station is associated with Radio Chilena," owned by the Catholic archbishopric in Santiago, and is a member of the Association of Catholic Radio Stations [ARCA -- Asociacion de Radios Catolicas]. Following the lifting of the ban, Antofagasta Archbishop Msgr Carlos Oviedo expressed satisfaction, stating that "a radio station contributes greatly to the task of integration and unity, increases the solidarity of a country, and unites the citizens in the task of working for national reconciliation."

BRIEFS

JAPANESE FISHING COOPERATION SET -- The Chilean and Japanese Governments have signed an agreement to build a fishing complex in Puerto Montt. The signing ceremony was held at the Chilean Embassy in Tokyo. A Foreign Ministry communique reports that the project encompasses the building of docks for fishing ships and the establishment of a market for fish produce. The project will cost approximately $10 million, which has been donated by the Japanese Government through the Japanese International Cooperation Agency. [Summary] [Santiago Domestic Service in Spanish 2300 GMT 8 May 87 PY]

EXTRADITION TO U.S. OF DRUG SUSPECT APPROVED

PA101237 Bogota EL TIEMPO in Spanish 5 May 87 p 3-a

[Text] Last night the Colombian Government authorized the extradition to the United States of alleged drug trafficker Carlos Tulio Gomez Gutierrez, captured on Saturday at San Andres. The resolution of approval was signed by President Virgilio Barco Vargas and Justice Minister Eduardo Suescun Monroy. Gomez Gutierrez is accused of 33 crimes.

The government's decision took into account a favorable legal opinion on Gomez' extradition from the penal section of the Supreme Court of Justice. The Justice Ministry reported that the crimes for which Gomez Gutierrez is sought have equivalents in Colombian penal laws and that in the proof submitted by U.S. authorities supporting the request he appears to have possibly participated in the crimes he is accused of. Extradition was granted based on a summons to trial handed down on 11 February 1983 by the U.S. District Court for northern California.

The Colombian Government's decision was confirmed last night to U.S. authorities through the Foreign Affairs Ministry.

ELN ANNOUNCES LAUNCHING OF NEW 'GUERRILLA FRONT'

PA061824 Bogota EL TIEMPO in Spanish 4 May 87 p 2-a

[By Jairo Cala Otero]

[Text] Bucaramanga, 4 May -- The outlawed National Liberation Army [ELN] has established and set into motion a new guerrilla front in Norte de Santander, called the "northeastern war front."

The ELN made the revelation in a clandestine note sent to EL TIEMPO's offices in this city. The note says the front has been named "Armando Cacua" in memory of "an outstanding activitist who was one of the first to appear in this region where this new structure carries out its revolutionary activities."

The ELN note, in the form of a mimeographed sheet, states that almost 3 years ago a guerrilla commission was formed to stay in the department's northern area, merely a project at the time, but now a war front.

The insurgent movement asserts that "the people's generous contribution and support, and the level of development and consolidation attained by the ELN are the factors that have made it possible to form this new front, which has, in turn, become integrated into the northeastern war front."

The ELN communique confirms that the group was responsible for the actions of 16 March in Convencion and San Pablo, Norte de Santander, and the blasting of the Cano Limon-Covenas oil pipeline. These actions were carried out simultaneously.

The subversive group states that Army forces suffered casualties in Convencion municipality and that in San Pablo, after 6 hours of fighting against "forces that were well armed and holed-up in a post fortified to withstand guerrilla actions, the combined column broke down the resistance and seized the post."

The bulletin adds that an armored helicopter "that was strafing and dropping chemicals on the combatants and the civilian population was fired at, hit, and damaged by several bullets."

The ELN claims the craft crashed later at San Calixto but the authorities did not report it at the time.

The bulletin adds that the reinforcements sent to the town were repelled by the guerrillas and suffered casualties.

For its part, the ELN front called "Captin Parmenio" (Pedro Gordillo) said in a separate communique that it was not responsible for the simultaneous killing of three young peasants, surnamed Cabarique, in Zapatoca approximately 1 month ago.

It announced that those who extort money in the name of the ELN will be eliminated because the organization does not resort to this type of method to obtain its financing.

GOVERNMENT TO CREATE COMMISSION ON BORDER DISPUTE

PA091353 Paris AFP in Spanish 0108 GMT 9 May 87

[Text] Bogota, 8 May (AFP) -- Colombia today decided to appeal to a "nonaggression treaty" signed with Venezuela in 1939 to create a conciliatory commission that will coordinate future talks concerning the border dispute between the two countries.

The private radio station CARACOL reported tonight that President Virgilio Barco's government made this decision in view of 20 years of unsuccessful direct talks on the subject, and that it has notified the Venezuelan Government so that it can proceed accordingly.

BRIEFS

UNEMPLOYMENT FIGURES -- Bogota -- The government has reported that unemployment increased 0.9 percent in the first 3 months of the year. Narino Palace issued figures released by the National Administration Department of Statistics which indicate that unemployment in March was 13.4 percent compared to 12.5 percent in December 1986. The unemployment rate in March 1986 was 14.3 percent. [Summary] [Bogota Emisoras CARACOL Network in Spanish 1215 GMT 30 Apr 87 PA]

NEW ENERGY DEPUTY MINISTER -- Alberto Brugman Miramon has been appointed new deputy energy and mines minister. He replaces Gabriel Turbay Marulanda. [Summary] [Bogota EL TIEMPO in Spanish 30 Apr 87 p 7-d PA]

COCAINE HAUL -- Barranquilla, 3 May -- The authorities have found an abandoned suitcase with 35 kg of cocaine inside an Avianca airplane at Ernesto Cortizzos Airport. The plane was on a flight from Cali to New York. The police said the cocaine is worth approximately 84 million pesos. [Summary] [Bogota EL TIEMPO in Spanish 4 May 87 P2 PA]

LABOR MINISTER RESIGNS; POSSIBLE REPLACEMENT NAMED

PA090055 Quito Radio Quito in Spanish 2300 GMT 8 May 87

[Text] In relation to earlier Radio Quito reports that more resignations in the cabinet of President Leon Febres Cordero were possible, we have now learned that Labor and Human Resources Minister Jorge Egas Pena has officially resigned.

This morning the minister called for a decoration ceremony at the Labor Ministry but did not discuss the subject of a resignation. Later, he went to Guayaquil, his birthplace, and a few minutes ago held a news conference during which he announced he is definitely quitting the Labor and Human Resources Ministry and will remain in that post only until the president appoints someone to legally replace him. Here is Egas:

[Begin recording] [Egas] I prepared my resignation some time ago, but I decided it was not suitable to present it until now. Considering the peaceful labor situation in the country, I can return to my private activities after serving approximately 21 months as labor and human resources minister.

[Reporter] Despite what you have said, your resignation was unexpected, [words indistinct] Mr Minister, what are the main reasons for your resignation?

[Egas] The only reason is I find it necessary to return to my private activities. My resignation should not have been unexpected because there had been some speculation about is for quite some time. I stayed only because the president asked me to stay a while longer [words indistinct].

[Reporter] How much longer will you remain as minister?

[Egas] Until the president appoints a replacement. [end reocrding]

This has been a report on the resignation of Labor Minister Egas. We can also inform you that sources close to the National Palace have informed us that Dr Jorge Egas Pena will be replaced by Deputy Labor Minister Dr Guillermo Chang Durango.

DEMOCRATIC LEFT PROCLAIMS PRESIDENTIAL CANDIDATE

PA102236 Madrid EFE in Spanish 2038 GMT 10 May 87

[Text] Quito, 10 May (EFE) -- The social democratic Democratic Left party has proclaimed Rodrigo Borja Cevallos as its presidential candidate for the elections to be held in Ecuador in January.

Borja, a 50-year-old lawyer who is vice president of Socialist International, has run twice for president without success. However, recent polls and political observers agree that the center-leftist candidate has the best chance of succeeding conservative Leon Febres Cordero.

In his acceptance speech, Borja harshly criticized the Ecuadoran Government and its neoliberal policy, but said his administration will not nationalize private enterprise.

Borja announced he will be "the candidate of peace. We are going to safeguard peace in the country," and I will extend "a friendly hand to private enterprise; but we will fight the oligarchic octopus."

He asserted that the struggle between two opposed theories of development continues in Ecuador: "the right wing's, which emphasizes economic growth; and ours, which emphasizes equitable distribution" [of wealth].

Regarding the foreign debt, Borja resolutely came out in favor of not repaying it and against an indiscriminate opening to foreign investment.

Internationally, he said Ecuador's prestige has been shattered, and that "Ecuador goes about crestfallen and ashamed before the world's peoples. I will speak loudly to the world and promote the establishment of a union of poor countries in Latin America," he noted.

He condemned internal regionalism, charging that government agents are falsifying his image among the people of Guayaquil.

BRIEFS

CEPE SIGNS AGREEMENT -- On Monday, the Ecuadoran State Petroleum Corporation [CEPE] signed the second service contract for the exploration and exploitation of hydrocarbons in conjunction with Braspetro [Petrobras International Inc] from Brazil, Elf Acquitaine from France and British Petroleum from England. The work will be performed on Block No 17 in the Amazon region. This block, which has 200,000 hectares, is located in the south-center region of the eastern basin. The work to be performed by the above-mentioned companies involves an investment of more than $30 billion, which includes the installation of 150 kms of seismic lines, 3 exploratory wells and a $1 million investment to train the local personnel. [Excerpt] [Quito Voz de los Andes in Spanish 1130 GMT 5 May 87 PA]

ULTIMA HORA INTERVIEWS LAINO ON POLITICAL ISSUES

PY070029 Asuncion ULTIMA HORA in Spanish 2 May 87 Correo Supplement pp 4,5

[Interview with Authentic Radical Liberal Party, PLRA, Vice President Domingo Laino by ULTIMA HORA reporter Anibal Saucedo Rodas in Asuncion -- date not given]

[Excerpt] [Passage omitted] [Laino] What do you want to ask?

[Saucedo] How do you feel about being in Paraguay again? Have you found anything different? Has anything changed?

[Laino] I am very happy to be here after more than 4 years in an unjust and arbitrary exile. I think the situation has improved. There is an increasing weakening of those forces which strive to continue enforcing a closed political model. I also see that those sectors which demand changes in the country have more drive; they are more enthusiastic.

[Saucedo] Does this imply that the government is implementing a political opening?

[Laino] I understand we are experiencing a lukewarm opening, why deny it. I have just read that the Interunion Workers Movement (MIT) has obtained police authorization to hold a public rally (the interview was granted before the rally); the state of siege has been lifted -- although this may be in form but not in practice; and I am allowed to be at home. I understand things are moving along. But we, the responsible politicians, should be careful and keep close watch so that this movement may develop and not become a deceitful trap to make people talk abroad about political normalization and democracy in Paraguay, because all this, which I describe as a lukewarm political opening, may suddenly come to an end.

[Saucedo] Do you think the social movements and political organizations that started to speak up in the country last year had any influence?

[Laino] I think it is very difficult to attribute to a single cause the important period we are currently experiencing in the country. The importance of the situation is that these things are taking place. The social movement has been holding numerous demonstrations and protests to expose the needs of the poor to demand better social and economic rights.

[Saucedo] Did you reach an agreement with the government to be allowed to return?

[Laino] I did not reach any agreement with the government and I am surprised because this is the second time I have been asked that question.

[Saucedo] Well, people were somehow certain this time you would be allowed to return to the country.

[Laino] On the past five occasions there was an atmosphere of "uncertainty in this regard." I think the circumstances were favorable because my return was preceded by the suspension of the state of siege, by police authorizing the holding of certain events, and by the fact that unlike on previous occasions the government did not say I would not be allowed to return, in addition to the new situation the regime has to face at the international level. Perhaps that is the reason I was allowed to return from exile, but I did not have a conversation with any member of the government; nor did my family; and least of all the PLRA.

[Saucedo] What is the reason for your conciliatory tone?

[Laino] I have always upheld a conciliatory attitude. I am only placing more emphasis on this now because I think we are experiencing a more favorable period. Previously, there were no chances for an opening in Paraguay. I have been active in politics for the past 3 decades and we have never been as close to a political opening as we are now. Latin America's situation at the international level is viewed with optimism as are the ties between European countries, the EEC and the United States with the southern cone. We now have optimum conditions to develop our policy through national dialogue being promoted by the church: To solve our problems, to be able to leave behind this oppresive, strong and closed political model and exchange it for an open political model, that of a pluralist democracy.

[Saucedo] There is nothing new regarding the national dialogue at this time. One would even think that people have forgotten it....

[Laino] It is a tremendous mistake to forget the national dialogue. The church itself is making a mistake in that respect. The church gave it great importance last year. Luis Alfonso Resk and I have talked with Msgr Jorge Livieres Banks about it on two occasions in Buenos Aires. He talked about two or three stages that had to be implemented one way or another. I see that this plan is not being carried out, maybe because of the church's bureaucratic procedures, or perhaps because political leaders themselves do not try to approach the church.

[Saucedo] Is there a practical formula?

[Laino] I believe it is time to start speaking directly. For example, Msgr Ismael Rolon should speak directly with leaders of political and social organizations. It is necessary to speed up the process because this year will be a political year. We are going to have a very busy agenda, and we have to move quickly. We should not get bogged down in bureaucracy. We should open up and be ready to talk frankly. I believe we should even talk with sectors which have traditionally supported the current political plan and are now dissenting. I am referring to the dissident groups. The political group of the Colorado Party that supports the Stroessner regime is getting smaller and smaller. That is to say the dissident groups that advocate change should approach the church by taking a more active position.

[Saucedo] Are you talking about dialogue with the sectors which at one time supported this government system....

[Laino] Yes, with all sectors.

[Saucedo] Do you believe then that the sectors which at one time were part of this government and supported this political structure can now be considered valid representatives?

[Laino] I am not saying whether they are valid or not. The important thing is to approach each other and talk. This is necessary before anything else to open the way to establish concrete links for conversation on what we want to do in the country. I belive we should be willing to talk with the people in the current power structure if they are willing to do so because obviously there is no other way out than to talk. It is the only valid way to prevent disorder, violence and bloodshed which the Paraguayan people obviously would like to avoid. If we keep on secluding ourselves in our own circle, enclosing ourselves without opening up to the other sectors, we are not going to reach any agreement. The social and peasant movements should also get involved in dialogue.

[Saucedo] Do you not believe that dialogue should begin with the opposition?

[Laino] The opposition is already involved in dialogue in the National Accord. I admit it has defects, but this dialogue began a long time ago, in 1979. It has not made much progress and it has some defects. The call that was made was not enough, but I believe that it was an important step. Now there are at least four political movements meeting all the time. I believe that the National Accord should open up even further, and take note of the social movements which are now seeking a new political, economic and social arena so that we can have more strength to settle our problems.

[Saucedo] Now that we are talking about the government, the opposition and dialogue...what about abstention or participation?

[Laino] It seems to me that it is not a black or white question. For example, at this time we certainly cannot talk about participation because our elections are not real. This trick the government has been playing for the last 33 years is very destructive because it takes away the value of the real principles of democracy. This electoral farse, this circus held every 5 years shows us a lack of seriousness. A fantastic amount of money is spent on posters for the elections. Many members of the Colorado Party, who hold jobs in municipalities and ministries are mobilized, voting posts are set up in schools, and churches, the state of siege is lifted for 24 hours, and an electoral farce without any meaning or reason then begins. I believe the government is taking the wrong attitude if they plan to continue the same farse in 1988. For example, the constitutional presidents such as Sanguinetti, Lusinchi, and Alfonsin won their elections by 42, 48 or 51 percent at the most. However, General Stroessner still wants to win by 80, 85, or 89 percent as others have done. This can no longer happen because it does not help anyone. This political model is already asphyxiating a large part of the population. The social movements are active, the socioeconomic problem is exerting pressure and naturally this situation can lead to violence if there is not a change of attitude. Therefore, it is necessary to reconsider that situation. The Stroessner regime has a brilliant opportunity to really open up this time.

[Saucedo] What is your proposal?

[Laino] I propose a frank dialogue, hold free elections, and postpone the elections scheduled for February 1988. The progovernment sector should be more sincere and should either agree that the government is a dictatorship or open the doors to democracy; they should either promote democracy or openly tell the people what they really are. To build a democracy, it is necessary to adopt measures to allow all Paraguayans to freely participate in the elections. By principle and by nature, my party is for the participation in the political game. We have never considered the possibility of knocking at the barracks' doors to stage a coup. We want elections, but not the farce staged every 5 years.

[Saucedo] Whether by abstaining or by refusing to participate in the political game, what role will the opposition play in the democratization of our country?

[Laino] We will take the course of sincerity. All of us should now follow the truth. The government cannot continue with its preaching through a national network, spending thousands and thousands of guaranies of the Paraguayan people. Through the daily radio program, "La Voz del Coloradismo" the government insults leading figures, tells lies, and speaks about democracy despite the fact that it is not a democratic government. We Paraguayans must talk seriously and responsibly. If we are not sincere, we will not achieve a peaceful transition, which is the aspiration of a vast majority of the Paraguayan people.

[Saucedo] Changing the subject, how does an exile live, who helps him, who provides economic support for his family?

[Laino] Exile is a tremendous problem. I would use the same expression to describe exile that the Argentines use for the dirty war, that is, never again. Exile uproots men, driving them away from their land, from their family, and from their community. In my case, however, it also had a positive effect, because hardships at times help men shape their ideas. In fact, hardships force the mind to reflect and meditate, and this process leads to the discovery of new things. In my own case, I discovered the Paraguay of exile, the Paraguay outside its own fatherland, the Paraguay of emigration, because 33 percent of our population are forced to emigrate. This means that there is a considerable number of Paraguayans living abroad.

[Saucedo] What did you live on while in exile?

[Laino] I did what all other exiles do. I am not an exception. My family lived on the income from the businesses we have here in Paraguay. I worked in research programs on the River Plate Basin, performed comparative studies on political parties, and lectured in Argentine and European universities. I have just been appointed director of the Institute for Paraguayan Democracy [Instituto para la Democracia del Paraguay] (IDEPA), which was to be headquartered in Buenos Aires. After my return, we began to see the possibility of opening it here.

[Saucedo] Didn't you get any money from foundations?

[Laino] Of course I did; the foundations paid for the job I did.

[Saucedo] It is frequently said that Laino is less "harmful" in Paraguay than abroad. Won't your return put you in a kind of political isolation?

[Laino] In principle, I don't want to be harmful -- I think I have never been harmful -- so this is not the right word. I will work as usual. I know I am now living in internal exile with policemen in front of my house, and a motorcycle running after me whenever I leave. All this has caused some polticial restrictions and has frightened several people, because not everyone is courageous enough; people are rather afraid. Even so, I don't think this will weaken my efforts to improve the situation in our country.

[Saucedo] Has your status of exile promoted your name abroad, enhancing your international politicial prestige?

[Laino] I don't know, but my friends from abroad are also calling me, as are Argentine radios like Radio Belgrano, Radio del Plata, and Radio Universidad. I also received calls from Brazil. I keep in touch with all of them. Buenos Aires' LA NACION carried a front page report on me, and so did JORNAL DO BRASIL and FOLHA DE SAO PAULO. I obviously became widely known. Before returning to Paraguay, I met with former Venezuelan President Carlos Andres Perez and, 1 day before returning, I met with politicians and professors at the La Plata University, where they wished me good luck. As for prestige, to a considerable extent, it depends on the opinion of others.

[Saucedo] Do you consider yourself a possible presidential candidate?

[Laino] All politicians consider themselves possible presidential candidates, and I am no exception.

PEASANT LEADER'S RELEASE ORDERED BY JUDGE

PY071534 Paris AFP in Spanish 1508 GMT 7 May 87

[Text] Asuncion, 7 May (AFP) -- It was officially disclosed today in Asuncion that Paraguayan Leader Marcelino Corazon Medina's release has been ordered by a judge. Medina has been fasting for the past 38 days. However, Medina continues to be at the Police Hospital where physicians have managed to slightly improve his health after administering intravenous feeding.

The media, social, political, and church sectors this morning rejoiced over Medina's release after 71 days under arrest.

For the past 2 weeks leaders of the various sectors have been carrying out an intense campaign for the release of the peasant leader, who is charged with violating Law No 209 on public peace and the freedom of persons. Last year Corazon Medina obtained his release after more than 40 days of a hunger strike.

Condition 'Delicate'

PY081308 Asuncion HOY in Spanish 8 May 87 p 7

[Excerpts] Peasant leader Marcelino Corazon Medina was released at 1230 yesterday after 74 days in prison. Medina had been charged with violating Law No 209. While under arrest the leader resorted to a long hunger strike in support of his demand for the freedom that was finally granted. [passage omitted]

It was disclosed at the Hospital de Clinicas yesterday that Medina's condition is "delicate" because of his great effort. "He is no longer lucid and hardly talks. He can hardly recognize those close to him."

DYNAMITE EXPLODES NEAR PRESIDENT'S HOME

PY100310 Paris AFP in Spanish 0230 GMT 9 May 87

[Text] Lima, 9 May (AFP) -- A blackout tonight is affecting Lima and seven Peruvian departments. The police reported that there were 15 simultaneous terrorist attacks in which two people were killed and six injured. The blackout occurred at 1942. This is the second blackout this week caused by terrorists blowing up electric towers.

An automobile loaded with dynamite exploded in front of the presidential residence located behind the Government Palace, and a shoot-out ensued between Shining Path terrorists and the police, creating panic among the people downtown.

During the attack thousands of people were shopping on the eve of Mother's Day. One could see from the AFP offices that people were running in all directions during the shoot-out, which lasted 5 minutes. The police did not report any injuries.

Two alleged terrorists were killed instantly when the homemade bombs they were preparing to throw at a bank branch in the Yerbateros District exploded. Several other attacks were carried out against bank branches in various parts of Lima, and two pedestrians were injured.

Four people were seriously injured when a terrorist commando threw dynamite at the APRA [American Revolutionary Popular Alliance] offices in the Canto Grande District.

Further Explosions, Shoot-Out

PA100211 Buenos Aires REUTER in Spanish 0150 GMT 10 May 87

[Text] Lima, 9 May (REUTER) -- Two explosions shook the downtown commercial zone in Lima, and initial reports indicate they occurred behind the Government House where there was intense shooting, police and eyewitnesses reported.

Earlier, Lima had experienced a general power outage, presumably caused by an attack on high-tension electricity towers. The police immediately cleared the vicinity of the Government House, from where people fled in a frenzy, the reports added.

Immediately after the explosions behind the Government House, the police fired shots into the air with their submachineguns to intimidate the terrorists and clear the area of passersby.

According to police reports, the explosions were caused by dynamite charges placed under a vehicle parked on a bridge in front of the side door of the Government House. A large market known as "Polvos Azules" is located on the bridge, and at the time of the explosions several hundred persons were shopping.

The police declined to report whether President Alan Garcia was inside the Government House at the time of the attack or if anyone was injured.

Police sources also said another explosion occurred inside a furniture factory adjacent to an Army factory that manufactures clothes and shoes, near the neighboring port of Callao. According to sources, the damage was considerable but it is not known yet whether anyone was injured.

The power outage extended some 300 km to the south and north of Lima. The plant that supplies the electricity was unable to pinpoint the cause.

Another explosion occurred on a pedestrian bridge located to one side of the exclusive Sheraton Hotel, and barely 50 meters from the U.S. Embassy installations, the police said. The source emphasized the explosion only left a crack in the pavement. No victims were reported.

Approximately 50,000 persons were in the National Stadium at the time of the blackout and the explosions; the people were participating in a homage for Mother's Day, which is celebrated tomorrow in Peru. The police said the crowd calmly remained in their seats during the 30-minute blackout at the stadium.

Power was partially restored in Lima's downtown area 30 minutes after the blackout; however, most of Lima's 33 districts continue without electricity.

GOVERNMENT OFFICIAL MURDERED IN HUANCAYO

PY091606 Lima Panamericana Television Network in Spanish 0315 GMT 9 May 87

[Text] Roberto Berrospi, head of the Junin Government Office for Cooperative Affairs, was murdered in Huancayo today. The incident took place at 1515 in a corridor of an office building.

Three individuals armed with machineguns entered the building asking for Roberto Berrospi, whom they soon found in one of the building corridors. The individuals immediately opened fire. The 46-year-old engineer, born in Ancash Department, died instantly. He is survived by his wife and two young children.

IU'S BARRANTES, U.S. AMBASSADOR MEET IN LIMA

PY090211 Paris AFP in Spanish 2240 GMT 8 May 87

[By Hugo Levano]

[Text] Lima, 8 May (AFP) -- The unexpected meeting U.S. Ambassador Alexander Watson and Marxist Front Leader Alfonso Barrantes held here yesterday has caused great commotion in political circles.

The meeting, which lasted almost 1 hour, was held at Barrantes' residence. Barrantes is a Marxist who is not a member of any particular political party but who leads a leftist coalition of seven political parties ranging from orthodox communists to nationalists, socialists, and even some Maoists. This front, known by the name of United Left [IU], nominated Barrantes as its presidential candidate in 1980 and 1986, and also elected him mayor of Lima in 1983.

The IU is the second largest political force in Peru, after APRA.

This is the first time in Peruvian history, and probably in that of many other Latin American countries, that a U.S. ambassador has held a private meeting, and an extensive one at that, with a communist leader.

Barrantes, previously a member of the ruling Social Democratic party, APRA, defines himself as a Mariategui follower. This means he supports the ideas of Jose Carlos Mariategui, the Marxist thinker who founded the Peruvian Communist Party in 1926.

At the end of the meeting, the participants were smiling, and Barrantes said they had discussed issues regarding the Peruvian economy. He added that other meetings will follow, and this does not mean there has been a concession of ideologies or policies.

Barrantes also said this meeting was possible because the situation between Peru and the United States has changed. He added that previously, a meeting between a U.S. ambassador and a leftist would have been heresy and highly criticized but now, since there have been changes favorable for our country, this has been a fruitful meeting.

In any event, the Barrantes-Watson meeting today was the talk of all political circles. Both rightist and leftist circles criticized the meeting but for different reasons. The right believes Watson's attitude is inopportune, while the extreme left criticized Barrantes for being an opportunist.

Our political observers commented that by skillfully maintaining the cohesion of the UI, Barrantes has made it into an alternative capable of confronting the APRA, and that the U.S. diplomat acted correctly by doing some probing.

MINISTER MURGIA INAUGURATES TELECOMMUNICATIONS FAIR

PY051418 Lima Television Peruana in Spanish 1100 GMT 5 May 87

[Text] At noon today Transportation and Communications Minister Jose Murgia Zammier inaugurated the 2d International Telecommunications, Computers, and Office Equipment Fair, TECNOTRON 87.

The objective of this event is to promote the country's technological development through the acquisition of new equipment for the industrial, public and education sectors.

TECNOTRON has been declared of national interest by the government and, according to Minister Jose Murgia, this specialized fair gives people an opportunity to appreciate the progress of telecommunications toward a digital system, which seemed a dream of the distant future a few years ago.

Seminars, conferences, technical meetings, and talks for professionals and persons involved in the telecommunications and computer fields will be held during the fair.

It should be pointed out that Minister Murgia was accompanied by the president of the Foreign Trade Institute, Enrique Cornejo Ramirez, and by the director of the National Computer Secretariat Ramiro Fernando Priale.

LISINCHI ON BORDER DISPUTE COMMISSION 'LEAK'

PA101941 Paris AFP in Spanish 1615 GMT 10 May 87

[Text] Caracas, 10 May (AFP) -- President Jaime Lusinchi has regretted that the unfreezing of the disagreement over the Gulf of Goajira as a result of the creation of a conciliatory commission in Bogota was made public in Colombia through what he termed a press leak.

"I do not like to comment on matters of such seriousness and importance which have been handled publicly," the Venezuelan president said yesterday. "This matter should not be the subject of journalistic hustle and bustle. Therefore, I belive this leak is not edifying, and, in any case, I have no commnet," Lusinchi said.

Colombia and Venezuela have not yet demarcated their marine and submarine spaces in the Gulf of Goajira, at the northwestern tip of Venezuela. It is a senstiive area for Venezuela because of its proximity to oil-producing Maracaibo.

Colombian sources revealed that Lusinchi was advised of the Colombian decision to resort to the nonaggression treaty signed by the two countries on 17 December 1939 to reactivate the matter. This came 7 years after Lusinchi's predecessor, former President Luis Herrera Campins (1979-84), froze the bases for an accord that was reached by negotiators of the two countries at the Caraballeda resort near Caracas. The head of the Colombian delegation at that time was current Foreign Minister Julio Londono.

PRESIDENT LUSINCHI ON OIL PRODUCTION LEVELS

PA100100 Madrid EFE in Spanish 2110 GMT 9 May 87

[Text] Caracas, 9 May (EFE) -- Venezuelan President Jaime Lusinchi said today that oil production in certain non-OPEC member countries is "reaching a ceiling." Lusinchi stated this during the inauguration of an alternate fuel supply system for the metropolitan Caracas area.

The Venezuelan president said this favors OPEC members countries and offers "more auspicious" market perspectives. The Venezuelan president said that it is advisable to "maintain a cautious optimism," given all the factors which prevail at a time when the oil market is stabilized. Lusinchi said: "The market strength has begun to sway in favor of the OPEC member countries, which have 70 percent of the world's oil reserves." He added: "Oil consumption has again begun to rise slowly, and the non-OPEC member countries' production has almost reached peak level; consequently, some of them must considerably reduce their production."

PRC CONGRESS OFFICIAL ON SUPERPOWER INTERVENTION

FL071428 Mexico City NOTIMEX in Spanish 0125 GMT 7 May 87

[Text] Mexico, 6 May (NOTIMEX) -- The Chinese Government condemns the Soviet Union and the United States intervention in other countries' domestic affairs and urges them to go from words to deeds by reducing nuclear and conventional weapons and end the threat they pose to the world. This was stated by Huang Hua, vice chairman of the PRC Standing Committee of the National People's Congress, upon his arrival in Mexico where he will participate in the international meeting on population development policies.

Likewise, he made a call for poor countries to unite and in this way prevent big and powerful nations from interfering at their will in their domestic policies. Huang Hua also praised the Mexican Government for seeking a peaceful solution to international conflicts such as those in Asia, the Middle East, and Central America.

He supported the actions and strategies used by Latin American countries in finding a common solution to the foreign debt problem, which hinders the adequate development of the region.

FINANCIAL ACCORDS SIGNED WITH NETHERLANDS, AUSTRIA

FL082126 Mexico City NOTIMEX in Spanish 0440 GMT 8 May 87

[Text] Mexico City, 7 May (NOTIMEX) -- The Finance and Public Credit Secretariat, (SHCP) has reported that Mexico has signed financial agreements with the governments of the Netherlands and Austria totaling 25.7 million florins and 152.6 million schillings, which is equal to $12.7 million and $12.1 million, respectively.

The SHCP also said the agreements are the result of an accord signed 17 September 1986 with the Paris Club members and that there are now 10 nations that have restructured Mexico's debt. Previous agreements were reached with France, Belgium, the FRG, Italy, Sweden, Spain, the United States, and Switzerland. Out of $1.8 billion, payment has been deferred on approximately $1.5 billion in the public sector under conditions more favorable than originally agreed upon.

The SHCP said the financial conditions for restructuring the debts with the Netherlands and Austria are especially favorable for our country. The direct contract with the Netherlands Government has an annual rate of 2.5 percent for 23 years with an 8-year grace period. The Netherlands Credit Insurance Company (NCM) assures a fixed annual percentage rate of 7.5 percent for 10 years with a 5-year grace period. The agreement with Austria was restructured for a 10-year period and has a 5-year grace period at an interest rate of .6 [as received] percent from the Austrian bank.

Finally, the SHCP reported that National Finance will act as the government's agent in executing the agreement.

MOROCCAN MINISTER PROPOSES TALKS; DISCUSSES POLISARIO

PA042212 Mexico City EXCELSIOR in Spanish 28 Apr 87 pp 1, 20-A

[By Fernando Meraz]

[Excerpts] Marrakech, 27 Apr -- King Hassan II's government will urge all Latin American peoples to start a South-South dialogue, open to all the developing counties of the world.

Foreign Affairs and Cooperation Minister Abdellatif Filali told this newspaper that a "sine qua non" strategy is of the utmost urgency to reactivate North-South communication which has virtually "frozen" since the Cancun summit.

In an exclusive interview, the Moroccan diplomat announced his government has started negotiations to open an embassy in Mexico, and affirmed "it is deplorable and painful for our peoples to realize that, in the harsh struggle for the rights of the Third World, nationalist criteria have prevailed. These criteria were imposed upon group interests by the economic crisis, and this caused the failure of all efforts begun in the 1970's." [passage omitted]

The diplomat added that the establishment of a strategy structured in accordance with the demands of our peoples is an essential step, and this would be a South-South dialogue, in the terms of a "realpolitik" -- if what one seeks is a productive result of the North-South communication. [passage omitted]

An obligatory theme in any interview with someone from Morocco is the Polisario matter, since this is a people caught within the walls of an alley. This is an elusive and delicate subject but Foreign Minister Filali decided to state it simply: "Morocco has been the target of criticism based on diplomacy mistakes at other times, but one must also accept the fact that history goes on, and to speak of Morocco in terms of the Polisario would be as risky as to talk about Mexico today as if it were the same country ruled by General Porfirio Diaz."

The Arab prince feels "it is painful for us to feel that many of the new sister countries of the Third World do not seem to understand that Morocco is neither a new country nor a product of colonialism. We are a real country, governed by a dynasty 4 centuries old. We are, among other things, the first country to recognize the independence of the United States of America, and we are a country which -- despite pitfalls and obstacles -- has been able to advance until the establishment of its own system, in accordance with its own identity and based on its own principles, a country which demands respect from the international community." [passage omitted]

"Morocco is willing to hold a dialogue about the Polisario, but we refuse to deal directly with the Polisario. Why? Because for Morocco the matter of the Polisario is what for Mexico, for instance, would be the matter of the Yucatan."

"More than a reality, the Polisario matter is a pretext used by Algeria to gain access to our country's Atlantic coast, to further its petroleum exports through an oil pipeline that would cross the Moroccan territory through the disputed area. The king's government is willing to accept a referendum. Moreover, the International Court of Justice at The Hague has recognized our rights in the Sahara, but this is never admitted by those who maintain propaganda against Morocco."

"The obsessions of those who are making use of this drama have prevailed over the will of those who are suffering because of it. Now our government feels that the Sahara matter has two solutions: one though an Algerian-Moroccan negotiation; right now friendly countries are working out a summit meeting to be held between the Algerian and Moroccan chiefs of state. The other solution would be an international negotiation formula which King Hassan II has already defined at the United Nations, and which would open the possibility for the self-determination of the Polisario so they would be able to decide by themselves either their own independence or their integration to Morocco."

Foreign Minister Filali spoke frankly about the subject, knowing his statements would perhaps sound strange, however, he gave further details: "Morocco is expecting a draft resolution to be presented this summer to the community of nations by UN Secretary General Javier Perez de Cuellar, who is working on this draft. The resolution will have total support for all Arab League countries. I will travel to the Congo this month to discuss the details of the negotiation formula. [passage omitted]

BRIEFS

NEW BRAZILIAN AMBASSADOR RECEIVED -- Mexico Foreign Secretary Bernardo Sepulveda received yesterday credentials of Jose Guilherme Merquior, the new Brazilian ambassador to Mexico. [Excerpt] [Mexico City EL NACIONAL in Spanish 22 Apr 87 p 12 PA]

PRD LISTS 3-YEAR ECONOMIC OPTIONS FOR 1987-90

PA051230 Panama City LA REPUBLICA in Spanish 3 May 87 p 10a

[Document prepared by the Economic Commision of the Democratic Revolutionary Party (PRD) National Executive Commission (CEN), and presented for the PRD's consideration by CEN President Romulo Escobar Bethancourt: "Some Economic Options for the 1987-90 Transition Period," dated March 1987]

[Text] A debate was initiated with economic agencies of the national government (the Ministry of Planning and Economic Policy, Ministry of Finance and Treasury, the Comptroller's Office, and the National Bank of Panama) regarding the options for an economic policy to be carried out during the 1987-90 period that would generate fresh resources not currently available to the country, finance national development projects to pay installments of the (foreign and domestic) debt that have come due and cannot be refinanced.

This 1987-90 economic policy must be presented to international credit organizations for their consideration and approval to obtain the financial means to pay the part of the debt that has come due and that cannot be refinanced and to obtain fresh funds to finance investment projects included in the national budget.

The Ministry of Planning and Economic Policy has estimated that Panama requires approximately $500 million in fresh funds to partially cover the government's predicted "financial gap" of 750 million balboas [$750 million] for the 1988-90 period. To obtain these funds, the government must design an economic program that can be convincing to international credit sources. The estimated 750-million balboa financial deficit could increase in the coming years if we include problems faced in 1986 and 1987 by the IRHE [Institute of Hydraulic Resources and Electrification] (increased expenses), and La Victoria Sugar Corporation (decreased income), which have not yet been expressed in monetary terms, as well as the status of the budget at the end of 1986.

The type of economic program to be designed and negotiated between national government and credit organizations is one of the causes of conflict and a lack of consensus within the government's economic team. The Ministry of Planning and Economic Policy has not defined this program. The problem lies in designing a program that poses the lowest political risk for the forces of the process. [preceding sentence published in boldface]

The program that is to be designed and negotiated will have some effect on the correlation of forces and, consequently, on a possible electoral alliance for 1989. It is only 26 months before the 1989 elections, and the political forces that comprise the UNADE [National Democratic Union] will study the political aspects of this financial package to ensure that any harm to the social sectors that they represent will be minimal.

The following are the possible options for an economic program:

1. Privatization (sale, rental, or concession of public assets).
2. Tax increase or reductions in payroll expenses.
3. Economic Adjustments (SAL III). [not further identified]
4. Donations with political strings (U.S. AID).

5. More "nontraditional" foreign aid.
6. Limitations on the payment of the foreign debt.
7. Macro projects such as the port centers [transshipment ports] and the Culebra Cut.

Considering the "privatization" option, there are few nonstrategic public assets that can be transferred to the productive private sector.

A tax increase or reduced payroll expenses are difficult to implement for well-known reasons.

The original idea behind the economic adjustment (SAL III) option is that after the labor, industrial, and agricultural sectors have been adjusted (more or less), and after the public sector has been partially adjusted, the only remaining sector to be adjusted would be the commercial sector and the remaining basic service public sectors, such as IDAAN [Institute of National Aqueducts and Sewers], INTEL [National Institute of Telecommunications], IRHE, and the National Port Authority, as they influence the country's production costs.

The principle adjustment would be made in the Panamanian commercial sector, which trades on the domestic market. The adjustment would modify the existing legal mechanisms (trademark registry, exclusive distributor agencies, patents, etc.), which, under a protected system, would raise the prices to final consumers of fertilizers, spare parts, medicines, electrical appliances, etc., because the local merchants, protected by "exclusive representation rights," have not allowed the development of competition in this sector.

In the program timetable, the adjustment of the commercial sector could be made in 1988. The strategy for adjustment of the public sector would be to negotiate for the adjustment to take place after the 1989 elections. The commercial adjustment can be handled politically, since it should also bring savings in the prices of the main imported consumer goods.

The decision should include the PRD's opinion in the framework of discussions about the pros and cons of SAL III, because variables like the following must be outlined:

a) How would SAL III affect the current alliance (UNADE) and the possible 1989 alliances, considering that SAL III would basically influence the prevailing Panamanian commercial sector, which represents a large percentage of the national economic power? How are these alliances affected when a decisive sector of the Panamanian economic power also is affected?

b) Would the promotion of SAL III aggravate a class struggle? What would be the effect on the 1989 elections? How should it be handled politically?

c) Could the forces of the process [fuerzas del proceso] use SAL III as a negotiation ploy in view ploy in view of the formation of the 1989 electoral alliance?

d) Is the schedule for carrying out SAL III's two basic parts, this is to say, commercial and public sectors, a variable to be negotiated with the World Bank?

These political problems must be taken into consideration when a decision on SAL III is made.

The national government should refrain from asking for any more U.S. AID donations, because the U.S. Government charges expensive "political bills" for its "donations" through this organization. This agency responds to the State Department's policy, which opposes national interests.

It is essential to give more political impetus to the alternative "greater nontraditional foreign cooperation," mostly by EEC countries and Japan, Canada, Argentina, and Brazil, etc., all of which might want to offer us financing and soft loans for projects in lesser-developed areas of poor population, as well as priority development in the country, particularly in the agro-industrial and livestock areas.

To suspend the amortization of the foreign debt, as Peru did, is a workable decision, provided the executive branch is politically amenable. Nevertheless, we deem this initiative difficult in the framework of a coalition government in which PRD does not lead and where there is a variety of diverse and contradictory interests among the parties forming the alliance and even within the parties themselves.

It would be necessary for this variable to mature politically.

As far as possible, big projects -- such as turning Panama and Cristobal into transshipment ports, and the Culebra Cut -- should be financed separately.

Therefore, the best alternative would be a mixture of SAL III and greater foreign cooperation. This would be economic program. Its technical feasibility can be demonstrated. Its political feasibility remains to be defined and negotiated.

The following are the priority projects that could be executed with an economic program via foreign cooperation: a hospital and outlying market in San Miguelito; the northern corridor; development of slums; and agro-industrial and livestock development projects.

Housing projects are dependent to a large extent on several definite policies in the sector. These policies are U.S. AID requirement to finance -- through loans agreed upon in the Torrijos-Carter Treaties -- the construction of homes by the MIVI [Housing Ministry] through a $60 million program, of which U.S. AID would contribute" $50 million.

The Culebra Cut should become a "political project" due to its economic and political implications. The national government should redouble its efforts to have the U.S. Government finance this project, which is worth an estimated $500 million and which is greatly important to the national economy. With proper political handling, the Culebra Cut can become a factor of agitation due to the development of nationalist feelings in our people.

Should this program be implemented -- in its best form it could be a mixture of SAL III and greater foreign cooperation -- the national government would receive about $300 million (Baker Plan) from the World Bank and commercial banks during 4 years (1987-90). This amount would be used to amortize the amounts due and which cannot be refinanced by foreign credit organizations (foreign banks, etc.) according to their internal policies. We would still have to get $200 million of the $500 million needed. Most of this amount would be used for development projects that could be financed by "nontraditional" foreign cooperation agencies.

This program would have to be complemented with a law package aimed at fostering employment for our people. Such a package would include preferential interest laws, which helped reactivate the construction sector.

These laws -- like the implementation of the investment budget, a product of the economic program described -- should lead us to several specific actions to increase the people's approval for the PRD's 1989 electoral proposal.

The summary of the national economic program for the 1988-90 electoral campaign hereby included could be financed by corresponding credit agencies and be used as a guide for a clear and succint outline of the 1987-90 economic program.

Yours truly,
Economic Commission of PRD
March 1987

DELVALLE THREATENS REPRISAL IF U.S. AID CUT

PA052046 Panama City CRITICA in Spanish 5 May 87 pp 1, 17

[Article by Demetrio Olaciregui]

[Text] Without using a threatening tone, but as a fair reaction, President Eric Delvalle has said that if the U.S. Congress approves a law forcing President Ronald Reagan's administration to cut its economic aid to Panama by 50 percent, the Panamanian Government would order half of the U.S. civilian and military personnel in the canal area out of Panama.

"If they are going to cut their economic aid to Panama by 50 percent, they should also take with them 50 percent of their people from Panama," President Delvalle said in an interview released yesterday by the U.S. television network Cable News Network (CNN).

The Panamanian president was referring to the intentions of factions in the U.S. Senate and House of Representatives attempting to cut by 50 percent the economic aid approved for Panama for the fiscal year beginning this October; these intentions are under the pretext that this country does not fully cooperate with Washington in the fight against the production, consumption, and trafficking of drugs.

The persistence in this matter by both U.S. legislative bodies is an open provocation to President Ronald Reagan's administration, which certified last 28 February that Panama "fully cooperates" with the United States in the fight against drug trafficking.

Any action against Panama "would have a very negative impact on relations with the United States. The Senate should base its actions on fact rather than emotion. In other words, I ask them to be more responsible," President Delvalle said.

The President added that "Panama has fully cooperated with the United States in the fight against drug trafficking." Delvalle also said: "We do not want a confrontation with the United States. I believe that we have overcome the worst period. Both of our countries are seeking ways to iron out our differences."

Speaking more in-depth about the issue, President Delvalle said that "there is no doubt that there are some people in the U.S. Senate who are not interested in maintaining good relations with Panama. [paragraph continues]

I believe they have personal reasons for acting that way, and we cannot simply declare a war on the United States because of their lack of responsibility." [sentence as published]

"Some people have said that one of the most aggressive senators had some business dealings in the former Canal Zone before the treaties were signed. Since then he has resented the Torrijos-Carter Treaties and has not stopped attacking Panama," the Panamanian president said.

DELVALLE SAYS ECONOMY IMPROVING, NO CABINET CHANGE

PA062116 Panama City Televisora Nacional in Spanish 0000 GMT 6 May 87

[Text] President Eric Arturo Delvalle talked about the national situation with our reporters.

[Begin recording] [Delvalle] The country is doubtlessly going through difficult times, but each day the economic indicators show iprovement, especially in the construction sector. I am sure that other sectors of the national economy will continue to recover as well.

[Reporter] It has been said that the country is in a crisis. Do you plan to make Cabinet changes?

[Delvalle] I am not planning any changes right now.

[Reporter] Mr President, do you plan to appoint a new ambassador to Washington?

[Delvalle] When Mr Dominador Bazan resigns, obviously I will have to appoint a new ambassador to Washginton; however, he has not resigned yet. [end recording]

COMMENTARY LAUDS ANTINARCOTIC EFFORTS

PA092014 Panama City LA REPUBLICA in Spanish 8 May 87 p 4

[Editorial: "Tribute to Panama"]

[Text] The statements made by the U.S. attorney general to the effect that "Pamana's law enforcement authorities deserve high praise for their exceptional initiatives and efforts" must be a source of pride for our fellow citizens, because they are an acknowledgment of the work done by Attorney General Carlos Villalaz in enforcing the law on narcotics. He worked very diligently to get this law sanctioned.

The enforcement of this law and investigations by the U.S. attorney general have resulted to date in the arrest of 351 people during a joint U.S.-Panamanian operation that penetrated the top echelons of drug rings in Colombia and other countries, and led to the freezing of 34 million [currency not specified] in cash and the seizure of property worth 15 million [currency not specified].

In a statement made yesterday, Attorney General Villalaz denied that Panama's banking secrecy law has been hurt by the freezing of several numbered accounts that are under investigation. They have been frozen to establish the links between the account owners and the laundering of money from drug trafficking activities.

The attorney general thanked the banking community for its cooperation, adding "this system was created 17 years ago, and does not need this money to operate adequately. [quotation marks as published]

The distinguished lawyer added that Panama's financial system has been created to develop illegal businesses within the Republic of Panama.

He eloquently explained that all work under "Operation Pisces," which his U.S. counterpart reported on, is being carried out in Panama in accordance with Panamanian laws and by Panamanian officials.

In regard to banking secrecy, he clearly explained that "we only freeze bank accounts when a connection between the gentlemen being prosecuted in the Republic of Panama and the accounts is demonstrated."

This demonstrates that Attorney General Villalaz is a zealous defender of our sovereignty in judicial matters.

DAILY QUESTIONS U.S. ATTORNEY GENERAL'S ACTIONS

PA090310 Panama City LA PRENSA in Spanish 8 May 87 p 1a

["As of Today" column]

[Text] The international cooperation established by Law 23 in 1986 has been specifically applied for the first time. A large number of bank accounts have been "frozen" in 18 banks in Panama, as requested by U.S. authorities. With little information available, it is impossible to determine whether or not the actions adopted in this case by the Panamanian authorities were in accordance with all the procedures required by the law. However, there are some well-known facts that have caused concern.

While in Panama it had not yet been reported that the attorney general's office had "frozen" accounts in local banks, U.S. authorities were announcing in the United States what had been done in Panama. The only information available here in Panama came from the foreign news agencies, reporting the statements made by U.S. Government officials. One day later, the attorney general provided the first official information, adding very little to what had already been reported. The international news agencies have reported that officials from the U.S. DEA started a large "money laundering" operation in which bank accounts in Panama were allegedly used. Although the authorized participation of government agents in a crime for the expressed purpose of discovering and prosecuting a criminal organization is a legal process used in the United States, it is not legal in Panama; and no government official is authorized to do this. What happened?

These and many other questions must be clarified so the application of the existing provisions in the laws become an effective instrument against the "laundering of money" rather than a factor that hinders the Panamanian banking system and its legitimate users.

COSTA RICA

FOREIGN MINISTER ANNOUNCES PEACE PLAN CHANGES

PA041401 San Jose LA NACION in Spanish 25 Apr 87 p 4a

[Excerpt] Foreign Minister Madrigal Nieto stated yesterday that the executive branch will prepare a new version of President Arias' peace plan that will include the comments made by the Central American governments, except those of Nicaragua.

He added that this "draft" will be discussed at the next Central American foreign ministers meeting to be held on 11 June at the port of Tele, Honduras. The Sandinist government will be invited to the forthcoming meeting as it was to the one held 2 days ago. The Sandinist government did not attend the Guatemalan meeting, and it is not known if it will go to Tela.

The minister said that the Foreign Ministry recently sent a technical mission to visit the isthmian nations, ending in Guatemala. The group was received in all the capitals, but when it offered to go to Managua, "the door was gently closed to it with the statement that there was nothing to discuss."

Nicaragua has not commented on the Costa Rican plan, presented on 15 February in San Jose, although Honduras and El Salvador have made comments that Minister Madrigal has termed "important." Madrigal added that during a special mission's visit to Managua, no comments were made on the plan, although it was "hinted that it was being analyzed and that President Ortega would present his position at Esquipulas."

The Central American presidents will meet again in Esquipulas, Guatemala, in late June. The foreign minister said: "I am neither pessimistic nor optimistic; I am realistic about the results of this dialogue."

Regarding the official Honduran, Salvadoran, and Guatemalan communiques on the peace proposal, Madrigal stated that they reflect a "constructive attitude." As an example, he mentioned that they want to strengthen provisions to ensure that no country aids rebels in neighboring nations. He added: "They are experiencing that situation." It has also been suggested that there be strengthened provisions for possible UN and OAS verification and controls in accordance with a specific timetable.

Madrigal stated that none of the countries have placed inflexible conditions; they are seeking understanding and do not have too much hope that "the needed peace" will emerge from Esquipulas. He added that peace is a process that takes time and requires the participation of all the internal and foreign participants that are involved in the situation. The minster mentioned that the comments made about the Costa Rican plan so far have not deviated from the original idea. He said that the government will persist in its original proposal, but with flexibility.

Regarding the absence of the Sandinists at the Guatemalan meeting, Madrigal said that they did not attend "because it appeared that President Arias' plan would be discussed."

Finally, the head of national diplomacy stated that for the convenience of several Central American presidents, their visit to Tulane University, scheduled for next June, might be postponed until after the Esquipulas meeting. [passage omitted]

EL SALVADOR

OFFICER DENIES KNOWLEDGE OF CONTRA OPERATION

PA101832 San Salvador Radio Cadena YSU in Spanish 1700 GMT 9 May 87

[Broadcast in progress]

[Text] ...presented in the city of Leon [Nicaragua] a rebel command, including the chief of this group, which had planned, in El Salvador, sabotage against fuel depots and a sugar mill and the destruction of state ships. Press reports from Nicaragua state that the chief of the anti-Sandinist group is Campos Alvarado, 26 years old. Alvarado told the newsmen that military officers in Puerto La Union, in El Salvador, were aware of his plans. Moreover, he said that the contras' piranha boats were anchored in this Salvadoran port. Campos Alvarado identified Captains Salomon de Jesus Quijada, in charge of the national navy, and Virgilio Menzer, from the Salvadoran Air Force, as officers who knew about the plans against two western Nicaraguan cities. Another officer mentioned in this case by the contra chief is Lieutenant Colonel Julio Cesar Grijalba, from Military Detachment No 3, in La Union. When asked about Campos Alvarado's reports, Grijalba denied all the charges. He said that these are plans aimed at causing troubles for the Salvadoran Armed Forces.

[Begin recording] [Grijalba] This information is completely negative. I cannot give you any further information. However, I can tell you that such information is inaccurate. This information is negative because it reports that we are practically directing the activities of those groups for the benefit of the Salvadoran people. It seeks to cause harm, as they have tried to harm the chairman of the Joint Chiefs of Staff, by blaming him for activities that are completely false. This can be seen in EL DIARIO DE HOY. Also, it seems that something has been published about the United States and against General Blandon which is completely false. This is a campaign to harm the prestige of the members of the Armed Forces.

[Reporter] Colonel, could you comment on the charges linking you to the Nicaraguan contras saying that the Salvadoran Armed Forces are helping the contras in some [words indistinct]?

[Grijalba] We, and I myself, do not know any contras who have been in contact with us. There may be activities of such a nature there in Honduras, and that is obvious -- it has been published in the media and the media is constantly receiving reports about this. However, at this time we are facing a very serious problem and cannot be distracted with other activities aside from our own activities, seeking the benefit of the Salvadoran people.

[Reporter] Colonel, how can you explain that the man captured in Nicaragua, whose last name is Campos Alvarado, has given the names of Captains Quijada and Virgilio Menzer, as well as your own name?

[Grijalba] Those are very common names. You, for example, are familiar with my name, and the sports reporters also know me. Anyone can say a name -- someone who has nothing to lose says anything and damages the prestige of someone. It does not put you in trouble; rather, it puts you in a situation in which you have to clarify false concepts. The fact that Campos Alvarado has mentioned a certain name... [changes thought] it is possible that this man who I do not know may have never made such statements.

It could be that since the names of the officers in charge of the departments are well known they are using such names, and mentioning the names of the officers -- Colonels Vargas, Pineda, Ciro Lopez, etc. However, all the activities and the statements reporting such activities are groundless. I emphatically want to tell you that such remarks are false; those groundless remarks. I do not know the person who made such a statement. In fact, I would like him to be here to clarify some points. We are not involved in such activities. Our main concern now is to protect people, to struggle for you. That is our task at this moment, and not to think about other issues that would divert our attention, which would not benefit Salvadorans. [end recording]

Thus far, the high-ranking Salvadoran Armed Forces officers linked with the Nicaraguan contras are Gen Adolfo Blandon, chairman of the Joint Chiefs of Staff, and General Juan Rafael Bustillo, Air Forces commander, who have been mentioned by U.S. Air Force General Richard Secord, retired, in his statements to the [U.S.] Congress committee investigating the scandal on the sale of weapons to Iran.

Communique Denies Links

PA101947 San Salvador Radio Cadena YSU in Spanish 1700 GMT 9 May 87

[Communique issued by Coprefa; date not given]

[Text] Yesterday, FSLN Captain Vicente Chavez presented to the media an alleged intelligence chief of the FDN, struggling against the Nicaraguan regime. According to international news dispatches coming from the city of Leon [Nicaragua] contra member Justo Pastor Campos Alvarado stated that high-ranking officers from El Salvador are involved in counterrevolutionary activities. In view of such charges, the high command of the Salvadoran Armed Forces can only infer that the Sandinists are continuing with their campaign to discredit our government as a propagandistic maneuver and to justify in some way the aid that the Sandinists provide to the FMLN-FDR terrorists.

The Salvadoran Armed Forces emphatically reject the false charges plotted by the Sandinist Army, using an alleged prisoner of war. The Salvadoran Armed Forces hereby reaffirm their commitment to not meddle in the internal affairs of other nations.

CHIEF OF STAFF CHAIRMAN REJECTS SECORD CHARGES

PA081428 San Salvador Radio Cadena YSKL in Spanish 1630 GMT 7 May 87

[Interview with General Adolfo Onecifero Blandon, chairman of the Salvadoran Army Joint Chiefs of Staff, by unidentified reporters, at the General Gerardo Barrios School in San Salvador; no date given -- recorded]

[Text] [Blandon] I really do not know in what context I have been mentioned in Washington regarding this case. I can only say that I know absolutely nothing of this. Perhaps if you....

[Reporter, interrupting] General Secord testified under oath before Congress about the Iran-contra situation, and your name was mentioned by Gen Secord as having ran the military supply operation for anti-Sandinist groups. What do you have to say about these statements?

[Blandon] What Secord is saying before Congress is absolutely untrue. I have not taken part in any of the operations in his much-publicized case in Washington.

[Reporter] For example, the statements to the effect that there was involvement by [words indistinct]?

[Blandon] General [Juan Rafael] Bustillo has also given statements on several occasions. I understand that at no time has Gen Bustillo received orders from higher-ups to get involved in the business we are being accused of. However, on several occasions he has said that this is an international airport where many planes of different nationalities transit, and he does not rule out the possibility that in any one of those transits something not under his control could pass through. This is the way I understood Gen Bustillo's statements.

[Reporter] [words indistinct]

[Blandon] I do not understand why he has mentioned me because I have had nothing at all to do with this problem. I think that right now in Washington they are trying to involve a number of people who have nothing to do with this. It is a offense [as heard] that they have changed into something that I imagine is entirely political in the United States. There is a sector interested in blocking military and economic aid to the country, and possibly for this reason they are mentioning Salvadorans in a case that has nothing to do with us.

[Reporter] General, what is your opinion on the guerrilla kidnappings of Salvadoran peasants.

[Blandon] This is a demonstration of disrespect for people's human rights. On several occasions they have done this same thing. When they see their ranks depleted, they resort to kidnapping to reinforce their groups, but this has never worked for them. The youths that are taken this way by terrorist groups desert at the first opportunity, in a matter of days, and most return to us and are very useful when they do.

[Reporter] What is your opinion of the attack on Gotera?

[Blandon] Well, I think this time the terrorists lost out. They tried to carry out an attack that only served as propaganda. As recently as yesterday, I was told from Gotera that two more bodies had been found at one of the positions that was attacked a few days ago. This totals 19 terrorist dead, plus 11 dead from Armed Forces Detachment No 4. Ten out of 14 and 18 terrorists [as heard]. This means that in this clash the terrorists did not do too well. Doubtless, this will have a repercussion on their morale. This has lifted our morale very much, and has brought us closer together. By the way, yesterday I was reviewing the 4th Brigade's disciplinary statistics, and since the attack, incidents have been practically nil. For us this is a very important index, as our morale has been strengthened and we are carrying out all our plans more actively this year.

[Reporter] General, besides the number of dead that might have resulted from this attack, does the fact that it has taken place imply a greater guerrilla operational capacity, besides what they might have destroyed [words indistinct]?

[Blandon] Yes. During these last few weeks the guerrillas have been more active. They are mistaken. They believe that because in some of the larger cities in the country their movement might enjoy support through some organizations that FMLN controls, like the UNTS [National Union of Salvadoran Workers], but I think the people have demonstrated their rejection -- rejection of terrorist groups, rejection of violence, and rejection of Marxism. The people demonstrated this rejection on 1 May, when the guerrillas thought that they were going to gather a great number of workers. Everyone was able to see that the turnout was very poor in Santa Ana, San Salvador, Usulutan, and San Miguel. This undoubtedly gives them a negative indication, but their strategy and tactics cause them to believe that they should further activate their military actions to support trade union activity where they have deeply infiltrated themselves.

[Reporter] General, it is said that the guerrillas have again [words indistinct].

[Blandon] No, no; what they have done is group together for a specific attack. They are still dispersed, and shying away from clashes with the Armed Forces. However, they have attacked twice, and have the capacity to concentrate their forces at a given moment, and can carry out an attack with the most appropriate weapon -- the mortar. It can be placed 4 km away without any problem, and can destroy any target.

[Reporter] The attack plans are being carried out more and more often. Before, it was every 6 months; now it has been only 1 month since the attack at El Paraiso and another one takes place...

[Blandon] [interrupting] This is part of their strategy. They believe that now is the time they must take the advantage, even if they sacrifice their men like they are now doing.

[Reporter] Mr General, may I bother you again? What is your reaction to your name and Gen Bustillo's being mentioned by Gen Secord in connection with support to the Nicaraguan counterrevolution?

[Blandon] My reaction is that of rejection of those accusations because this gentleman is lying in the Senate, in Congress -- I do not know where this circus has been set up. Undoubtedly this gentleman is seeking an objective, in my judgment, without currently knowing his statements because I do not know what he is saying. Until you told me right now I did not know I had been mentioned in this problem. This is a quick speculation that there is some connection between subversion and these gentlemen who are trying to involve us to prevent aid from reaching El Salvador.

HONDURAS

DEPUTY DISCUSSES U.S. POSITION ON REGION

PA090251 Tegucigalpa Televisora Hondurena in Spanish 0100 GMT 7 May 87

[Text] After talking with the all-powerful Democratic leaders, Deputies Nicolas Cruz Torres of the National Party of Honduras [PNH] and Manuel Zelaya of the Liberal Party [PLH] have returned from the United States in a not very optimistic mood.

[Reporter Marcio Moya] They do not think Honduras is as important as we think, said Cruz, who is the proponent of the famous motion to get the contras out [of Honduras]. According to Cruz and Zelaya, there has been a complete change of mind in the United States about our country. Strategically speaking, they no longer consider us as important as before.

[Begin recording] [Cruz] The conclusion I reached is that they are no longer concerned with solving our current problem, the problem of the presence of the contras in our country. In a way that was very derogatory to our country, an adviser to Christopher Dodd repeated the concepts the senator expressed here in Honduras, i.e., that the contras are a problem for Honduras, not for the United States, and that the Honduran Army should forcibly evict them from our country.

We answered that Honduras is not prepared to shed blood in a war that does not concern Honduras; that they are the [word indistinct] of the baby; and that they should take it away from Honduras.

We say this because the conclusion I reached after talking with various members of the U.S. Senate and House of Representatives is that they are not prepared to continue helping the contras in the future. Naturally, one reaches the conclusion that Honduras must begin making plans to get rid of these people. [end recording]

[Moya] Cruz Jorres said we cannot even expect to receive economic support any longer.

[Begin recording] [Cruz] We outlined our country's economic situation, which has been worsened by the drop in coffee prices; the reduction of quotas [not further identified] on the international market; the damages caused by the contras to coffee production; the reduction in the sugar quota; the meat prices, which are also affecting our economy; and the final blow to us by the U.S. Congress, which is the elimination of the $300 million in aid for Central America. [end recording]

[Moya] So, what was the response of the Democratic majority?

[Begin recording] [Cruz] There are some represenatives who, naturally, want to devote themselves only to the U.S.' domestic problems, such as the deficit in the balance of payments [as heard] with Japan and the U.S. fiscal deficit. Naturally, they prefer to give second place to problems in U.S. relations with Central America, in particular. However, there are representatives -- Democrats, above all -- who think they must not abandon their links with Central America and are, in fact, announcing the visits of House and Senate delegations and advisers. They are the ones who [words indistinct] to visit our countries, to talk with government officials, with members of the opposition, labor leaders, and business leaders; to find out what is actually occurring in our countries; and to improve (?our) relations.

However, we must not harbor many illusions because one can notice in some U.S. circles that they view problems [words indistinct] with Nicaragua as if the problem had been created in (?our) countries.

In addition, I wish to point out that we Hondurans do not have to be more papist than the pope, and defend this situation, which has been imposed on Honduras. In particular, the advisers to the senators from Massachusetts told us that they are working to see that the United States sits down and holds a bilateral dialogue with Nicaragua to arrive at reliable agreements and to make certain that it will not meddle in the internal affairs of the other countries in Central America, in exchange for stopping the current military offensive on Nicaragua's northern border. [end recording]

POLITICAL LEADERS URGE 'CONGRUOUS' FOREIGN POLICY

PA090338 Tegucigalpa Voz de Honduras Network in Spanish 1130 GMT 7 May 87

[Text] The government must prepare a policy, a position, to counter any aggression, and thus be prepared. Our foreign relations situation has frequently caused some concern among political leaders like Carlos Orbin Montoya. Montoya has stated that the government should have a congruous and definite policy to counter any problem. He added that all Hondurans should settle the country's internal problems.

The same idea was stated by presidential hopeful Ramon Villeda Bermudez. He thinks that if Hondurans unite and the government adopts an overall congruous and strong position, this will ensure respect for our country's dignity. Political leader Enrique Ortez Colindres has said the same thing.

[National Party leader] Rafael Leonardo Callejas also referred to this:

[Begin recording] The negative [words indistinct] is that the United States' internal political problems are reflected in its foreign policy. U.S. Congressmen come to Honduras to try to establish their own foreign policy, consistent with the State Department's position as the U.S. official spokesman on foreign policy. [sentence as heard] We told them that, within the overall framework of the United States' internal political problem, [words indistinct] there is no guidance whatsoever for short- and long-term foreign policy plans. If there were, no totalitarian governments such as the one in Nicaragua would exist, but rather, they would advocate democracy. This is something that we must understand; we should try to solve our own internal problems instead of trying to satisfy the Democrats and Republicans.

We are making an internal mistake because our country's permanent relations should be with the United States' official representatives, it's executive branch. We currently advocate any tendency, belief, or viewpoint [words indistinct] regardless of future consequences, because we only seek to please the various representatives who come to this country from every political sector in the United States. This should not be so. Honduras must have its own foreign policy -- particularly concerning Nicaragua and El Salvador -- that interprets the national consensus in a responsible way.

We must have our own policy so that whenever foreign representatives bring their own viewpoints, Honduras can adopt a position in accordance with its national interests, and not favor the political interests of groups and sectors in the United States. [end recording]

That position should prevail within President Azcona's government. A consensus should prevail concerning our foreign policy and developmental overall plans. This was clearly demanded on 1 May by all Honduran workers through acting [General Central Organization of Workers] General Secretary Oscar Escalante. Another political leader also said the government should maintain a definite policy of consensus among all the political sectors. Who has the power to rally the people? President Azcona, naturally. [Leader of the Florista Liberal Movement] Carlos Roberto Flores said:

[Begin recording] It is important and necessary for Honduras to prepare its own independent and dignified policy [words indistinct] in the internal and external sectors. I think that this is the basic thing. How can we demand respect if we do not earn that respect; if our position is not congruous? Our position should reflect a national consensus and [words indistinct] routine way and personal interests that are later turned down by other top-level officials [words indistinct]. Tremendous contradictions prevail concerning this type of proposal.

The United States should be a better ally. In other words, the United States should be a good ally to Honduras just as Honduras is a good ally to the United States. It is not correct that Honduras, which has played a fundamental role in the strengthening of democracy in the region, is now being [words indistinct] by the United States' policy, which decrees a reduction in our economic aid. They have not given us what we need to maintain our internal security plans. [end recording]

That is what Carlos Flores said. Political leaders agree that the government must define or prepare a definite, congruous, and strong policy which defends our national interests. All the Honduran labor and private sector spokesmen have stated their concern and all agree that the government must define its policy. Political leaders and presidential hopefuls from the National Party; Christian Democratic Party, through Efrain Diaz Arrivillage; and the PINU [Innovation and Unity Party] have also issued statements on the topic. However, nothing has been done so far.

USSR BEGINS TALKS TO ESTABLISH TRADE RELATIONS

PA081311 Paris AFP in Spanish 0504 GMT 8 May 87

[Text] Tegucigalpa, 7 May (AFP) -- The Honduran and Soviet Governments today began negotiations to establish permanent commercial relations. The step entails an unprecedented projection by Honduras into the socialist camp, official sources said.

The negotiations have begun 2 weeks after Congress President Carlos Montoya announced that Honduras would look for support in the Soviet Bloc in view of the scant reliability of its traditional friendship with the United States, which he described as a "mediocre" ally.

Yuriy Vislousov, chief of the Soviet mission to Central America and the Caribbean, met today with Economy Minister Reginaldo Panting to discuss trade conditions.

During an interview, Visouslov said that "this could be the beginning of permanent commercial relations between the two countries." He remarked that the decision in this regard depends on Honduras. Questioned about the statements by the president of the Honduran Congress, Visouslov said that he was in Honduras to deal exclusively with trade, not political matters and told newsmen to go to the U.S. Embassy for consultations in this regard. He noted that the Soviet Union can purchase from Honduras coffee, lumber, and bananas -- which are its main export items -- as well as rice and other items. His country would, in turn, sell automobiles, trolley buses, and agricultural and industrial machinery.

Official sources said that the Soviet Union wants to purchase 35,000 tons of sugar. This would help ease the serious situation faced by the sugar industry, which is wracked by a reduction in quotas and lower prices on the U.S. market.

Minister Panting ruled out any reprisals by the United States because of the eventual establishment of trade relations between Honduras and the USSR, noting that that country "has nothing to do with this matter." In this regard, he mentioned that the United States maintains trade relations with the Soviet Union that entail high volumes of sales. He explained that Visouslov's presence evidence the government's concern to make a trade overture with most nations in the world as a means to improve the nation's economic situation.

Visouslov them met with leaders of the Chamber of Commerce and Industries of Tegucigalpa before returning to Costa Rica, his headquarters for Central American and the Caribbean.

Late this month a mission is expected to arrive from Czechoslovakia -- the only nation besides Yugoslavia with which Honduras maintains trade relations [as received] -- to make arrangements to purchase coffee.

Private Sector Favors Ties

PY091535 Paris AFP in Spanish 2317 GMT 8 May 87

[Text] Tegucigalpa, 8 May (AFP) -- The Honduran private enterprise sector today backed the establishment of trade relations with the Soviet Union, a move that took a decisive step yesterday with the visit of Yuriy Vislousov Soviet economic affairs representative in Central America.

The Soviet official met with Honduran Economy and Commerce Minister Reginaldo Panting. He later also met with private enterprise leaders. He told them that his country wants a commercial exchange to begin as soon as possible, but that the final decision rests with the Honduran Government.

Jose Bethancourt, chairman of the Honduran Chamber of Commerce and Industries, said: "The Soviet Union is willing to begin commercial relations through the most expeditious method, which is barter. By means of the credit line it has offered us to purchase machinery, raw materials, fetilizer, and finished products."

Bethancourt said: "The United States -- Honduras is its most important ally in the region -- will not oppose this initiative because the United States maintains relations with the Soviet Union."

He also said: "In addition, Honduras must maintain commercial relations with all world countries in exercising its sovereignty and independence."

He said further: "We businessmen have always believed that commerical relations with all world countries should take place despite all ideological, political, economic, social, and cultural barriers."

He also appeared satisfied, that, with this opening, Honduras will be able to sell its surpluses of bananas, coffee, sugar, cotton, palm tree oil, and rice.

Minister Panting denied that Vislousov's visit is related to recent remarks by Honduran Congress President Luis Carlos Montoya, who said Honduras will seek support in Europe and the socialist bloc to break its dependency on the United States, a country he described as a "mediocre" ally.

Referring to President Azcona's declaration of 1987 as "the year of exports," Panting said: Since assuming office, "President Azcona's policy has been to do business with every country interested in buying our products."

Honduras already has commercial relations with some socialist bloc countries, Czechoslovakia and Yugoslavia, for example. Vislousov returned to Costa Rica yesterday, where he has his office.

NICARAGUA

CONTRA DISCUSSES CIA, FDN 'TERRORIST' PLANS

PA090210 Managua Radio Sandino in Spanish 1930 GMT 8 May 87

[Report by Juan Francisco Caballero]

[Excerpt] The state's security organizations have managed to disrupt, in coordination with the organized people, the CIA and FDN terrorist plans -- which included infiltrating persons who would act as liaisons and spies, and would supply information on military targets at the border area, San Antonio Sugar Mill, and the merchant ships of ALINSA [Inter-American Food Company, Inc]. The plans also included sabotage against the port installations in Corinto, the [word indistinct], bridges, electrical towers, and production centers in the region. The information was released by contra leader Justo Roberto Campos Alvarado, 26 years old, who is a native of Corinto.

He told reporters and State Security that he had been recruited in El Salvador by Jacinto and Francisco Davila, who asked him to carry out espionage work and recruit youths, who would be taken to Honduras and El Salvador. The State Security authorities also presented other members who comprise the group in charge of terrorist actions against the people. The spy's arrest was carried out at the Poneloya resort on 11 April, when he was carrying out his orders. The counterrevolutionary also revealed a list of Salvadoran and Honduran Armed Forces officers who are involved and support raids by bands that only seek to sow terror among the people. [passage omitted]

PSC DENIES LINKS WITH ARMED OPPOSITION

PA080335 Managua EL NUEVO DIARIO in Spanish 7 May 87 pp 1, 8

[Text] Managua (ANN) -- The Social Christian Party (PSC), which has no parliamentary representation, denied here today having any links with the counterrevolutionary organization Nicaraguan Opposition Unity (UNO), which held a meeting in Miami over the weekend.

The oppositon PSC's reaction was triggered by a group of dissidents from that organization who are members of the Nicaraguan Social Christian Party in Exile (PSCNE), which supports, the contra forces trying to overthrow the Sandinist government.

According to dispatches from San Jose, Costa Rica, PSCNE members have publicly admitted their links with the UNO.

In a statement to ANN, PSC leader Miguel Manzanares said: "Our party's political line is civilian and has no links with armed groups."

Manzanares, a leader of the PSC, which is one of the organizations comprising the rightist coalition Nicaraguan Democratic Coordinating Board (CDN), said the PSCNE has no right to use the party's name abroad.

"Those individuals are not authorized to use our party's name becaue we Social Christians are waging a civic struggle, but inside Nicaragua," Manzanares stressed.

The PSC, together with six other Nicaraguan parties, has been demanding from the Sandinist government since February the fulfillment of a nine-point document which includes a cease-fire between the EPS and the contras, new elections, the restoration of citizen rights and duties, and a general amnesty for alleged political prisoners, among other things.

Regarding this last point, the Sandinist authorities have noted there are no political prisoners in Nicaragua, but members of political parties have been detained for their participation in counterrevolutionary activities.

UNO, BOS FORM NEW 'NICARAGUAN RESISTANCE'

PA090407 Managua BARRICADA in Spanish 8 May 87 p 12

[Text] The counterrevolutionary groups of the Reagan administration met on Wednesday night in Miami and agreed to adopt a new name "to convince the U.S. Congress that they will continue fighting against the Nicaraguan Government." The self-styled UNO [Nicaraguan Opposition Unity], controlled by former Somozist guards; and the directorates of the so-called Southern Opposition Bloc (BOS) are now called "Nicaraguan Resistance" [Resistencia Nicaraguense -- RN], controlled by chieftain Pedro Joaquin Chamorro.

Meanwhile, former Somozist Colonel Enrique Bermudez and CIA agent Adolfo Calero -- top leaders of the [Somozist] guards represented in UNO -- said "they fully support" the RN. The new name is considered a truce in the dispute over money, a truce that is needed for the U.S. Congress to grant more financing for the mercenary actions against the Nicaraguan people. Such actions include attacks on peasant cooperatives, blowing up electric towers, murdering foreign volunteer workers, and other attacks such as the recent one that destroyed a ship bringing in food to Bluefields.

Meanwhile, new versions are being heard that intensify the polemic over the mysterious whereabouts of the $10 million the Sultan of Brunei deposited in a Swiss bank to finance Reagan's contras, at the request of Elliott Abrams, under secretary of state for inter-American affairs. It is now said the money did not reach the contras, because there was an accidental change in the digits of Oliver North's bank account number. Theoretically speaking, the money would then appear somewhere. However, this financial injection and others were reportedly absorbed by Adolfo Calero and his brother, Mario, and transferred to their personal accounts in the United States. It is recalled that Mario was removed from all FDN positions as a result of pressures exerted by the State Department.

Carlos Orbin Montoya, president of the Honduran Congress, stated in Bonn that he supports more financing from the U.S. Congress for the contras on the condition that the contras permanently get out of Honduras. In Costa Rica, former President Luis Alberto Monge was harshly attacked by the opposition for having supported the mercenaries while he was in power, while he proclaimed Costa Rica's "neutrality" in the Central American conflict. The current disclosures by General Secord before the Senate committee investigating contragate clearly said that Monge personally approved the construction of a landing strip on Costa Rican soil to be used for supplying the contras.

ORTEGA SENDS MESSAGE TO CZECHOSLOVAKIA'S HUSAK

PA091647 Managua Domestic Service in Spanish 1200 GMT 9 May 87

[Message sent by President Daniel Ortega to Gustav Husak, general secretary of the Czechoslovak Communist Party Central Committee and president of the Czechoslovak Socialist Republic; no date given]

[Text] On behalf of the FSLN National Directorate and the Nicaraguan Government and people, allow me to salute today, 9 May, the 42d anniversary of Czechoslovakia's liberation from Hitler's occupation.

That victory was achieved thanks to the joint forces of national resistance and the resolute participation of the Soviet Army in the battles against the facsist German Army.

Upon commemorating this historical victory of the Czechoslovak peoples, the Nicaraguan people express their wish for a continued successful implementation of the Czechoslovak people's policy of peace, economic progress, and social well-being.

BAYARDO ARCE MEETS WITH MOZAMBIQUE'S DOS SANTOS

PA070349 Managua Sistema Sandinsta Television Network in Spanish 0200 GMT 6 May 87

[Text] Commander Bayardo Arce Castano, deputy coordinator of the FSLN Executive Commission, met this morning with Marcelino dos Santos, member of the Politburo and Central Committee of the Mozambique Liberation Front, Frelimo, and president of the People's Assembly in that south African country.

The African leader said it is necessary for the two countries to develop a permament and reciprocal cooperation in the political, diplomatic, and economic sector. Upon conclusion of the meeting, Marcelino dos Santos said the struggle against apartheid in South Africa falls on the nations in the African Continent.

The Frelimo leader announced the creation of the Southern African countries' Popular unity to counter the aggressions of South Africa, which finances, directs, and trains armed bands to destabilize other African countries' economies. He added that the struggle front includes unity in the military, political, diplomatic, and economic sectors to sponsor better material conditions and counter the aggressions of apartheid.

Dos Santos said that Mozambique fights against South Africa's armed bands incooperation with Zimbabwe and Tanzania. He added that there is a strong similarity between the struggle in Mozambique and Nicaragua.

REPATRIATION OF MISKITOS FROM HONDURAS BEGINS

PA060335 Managua Sistema Sandinista de Television Network in Spanish 0200 GMT 5 May 87

[Excerpts] On 12 May direct flights will begin between Puerta Lempira, Honduras an Puerto Cabezas, which will ease the repatriation of Indians from the Atlantic coast. Today a group of 300 Miskitos and Sumus who returned to Nicaragua will travel to their communities in Rio Coco and Bonanza.

In region 6, the government recently began resettling the first contingent of Miskitos who were settled there in 1982 to avoid the terrorist actions of the mercenary bands operating in Zelaya Norte at that time. The first group of Miskitos, made up of 169 families from Gualaquistan, will be settled in Sumubila, Zelaya Norte. This operation is part of the autonomy plan. [passage omitted]

Carlos Paladino, regional director of these settlements, said that the cost of transporting this first group of Indians is 92 million cordobas.

CABRALES DISCUSSES DISTRIBUTION CHANGES, SHORTAGES

PA060351 Managua Radio Sandino in Spanish 1200 GMT 5 May 87

[Excerpts] The government has announced radical changes in the distribution and storage of the national production. Domestic Trade Minister Commander Ramon Cabrales has warned about the shortage of some industrial and agricultural products throughout the year. In order to increase the production of pasta, the government will import an Italian factory at a cost of $600,000. Managua will have two types of distribution centers: the CATS [Workers' Supply Centers] and the supermarkets. MICOIN [Domestic Trade Ministry] will sell 60 percent of the milk produced by Nestle in the supermarkets. The Nido and Lirio Blanco [brand names] milk will be sold to workers at 400 cordobas a jar. Performance awards will be implemented in May for workers not involved in production activities. It was announced officially that there will be no reforms to the Labor Code; however, collective agreements will be discussed in depth. Guerrilla Commander Ramon Cabrales, the goverment's economic spokesman, made those announcements yesterday during an important news conference. Here are the details:

Cabrales yesterday announced that effective 19 May there will be two systems for the distribution of staples to the population in Managua and the western region. According to the restructuring made by MICOIN, the CATS will be exclusively at the service of workers who earn a salary, in other words, those who have a card. The rest of the population, as well as salary earners, will be serviced by supermarkets, which will sell their products freely, at prices dertermined by supply and demand. This measure is based on a number of radical changes ordered by the government concerning the storage of peasant production. Beginning this year, the Nicaraguan Basic Food Enterprise, ENABAS, will be in charge of gathering the production from the country's large producers and enterprises, based on agreements. Meanwhile, peasants will be free to sell their products in any market at the prices agreed therein. MICOIN also will acquire peasant products to be sold in the supermarkets. Therefore, the prices in the supermarkets will be subject to the ups and downs of supply and demand. [passage omitted]

Commander Ramon Cabrales yesterday explained that the reduction in sugar production will cause a reduction of supplies for national consumption during the last trimester of the year. He said that the deficit will be compensated for by sugar that was earmarked for export.

He said that there will be a severe shortage of sorghum because producers diverted the product to the black market. It was initially decided to substitute sorghum with corn and to import 300,000 quintals of sorghum to meet the needs of the third trimester of the year. Despite this, there will be a severe sorghum shortage in July, August, and September. In the past, wheat compensated for sorghum shortages. However, this year the central government decided to promote the production of pasta.

Quinine [as heard] production has been reactivated. Production has increased by 2,000 quintals per month. The production potential of (El Globo) and (Monisa) [not further identified] has been promoted. Meanwhile, the government is negotiating to import an Italian pasta-producing plant worth $600,000.

According to Cabrales, there will be a temporary shortage of rice beginning the last week of May. In order to resolve this situation, MICOIN will distribute 1 pound of potatoes to compensate for the reduction in the rice quota, which will decrease for approximately 3 weeks. A donation of 8,000 tons of potatoes from the GDR will arrive in Nicaragua within several days. A Soviet rice donation also is expected to arrive. Cabrales explained that domestic rice production covers only 70 percent of the domestic demand. Approximately 80 percent of the production is through technical [as heard] means, while 20 percent is produced by peasants. Cabrales said that the peasants' rice production has gone into the black market. [passage omitted]

On another subject, Cabrales said that the government is now trying to determine the inflation rate affecting the workers' salaries in order to decide on its price policy and wage increase based on that information. According to Cabrales, there is no overall method at this time to measure inflation.

[Begin Cabrales recording] The figures I will mention now were compiled by INEC [Nicaraguan Institute of Statistics and Census] through March. There are various ways to follow the inflationary trends in the country. Although there are several methods, we are now trying to create a single mechanism to determine the inflation rate. One of those methods is based on the basic family basket, another is based on what is known as the price index, which is a combination of the [words indistinct] markets, and so forth. Others, such as the Central Bank, have their own mechanisms, and still others measure inflation based on the value of the dollar. There are various angles.

According to INEC, the inflation rate up to March -- in reality the measures were implemented in April -- compared to the same period last year, was less, much less. Obviously, the situation in April is different.

Now we are trying to produce a realistic price index. What do we mean by realistic? We mean a price index that will truly reflect the inflation level affecting the basic family basket guaranteed to the workers who earn a salary, so that based on that information we can adjust wages periodically. In other words, the family basket we are trying to protect, which is the family basket for the salary earners, will have an inflation rate different from the one affecting the [words indistinct] or products in the free market. We cannot measure the inflation rate based on the price of a bottle of milk in the eastern market, which is 8,000 cordobas. Obviously, that would be very misleading. On the other hand, we must be aware of the volume of products included in that family basket through the state. For example, if we decided to determine the inflation rate based on the price index without taking into consideration the price of rice in the guaranteed channels where it is still maintained at 65 cordobas a pound as opposed to 800 cordobas in the eastern market, obviously we would conclude that inflation is so high that stables are affected by a high inflation rate. However, most of the rice production -- more than 80 percent -- is distributed through the guaranteed channels. Therefore, we cannot use those parameters in determining price indexes. The committee reviewing the standard of living is now working on determining the real inflation rate currently affecting the workers' salaries. This will enable us to determine future price and wage adjustments. [end recording]

CIA ACCCUSED OF MEDDLING IN C.A. UNIONS

PA071947 Havana International Service in Spanish 2300 GMT 6 May 87

["What the Press Has To Say" feature read by Maruja Garcia and Norberto Hernandez]

[Text] In one of its most recent editions, Cuban newspaper TRABAJADORES has published an article entitled: The CIA Attacks the Unions. This article dealt with the meddling of this U.S. espionage agency in Latin American unions. In El Salvador, new proofs of CIA direct meddling in the country's labor movement have been disclosed. In Guatemala, there was a new type of terror against labor leaders. As for El Salvador, a secret document signed by U.S. Secretary of State George Shultz was sent to the U.S. ambassador in El Salvador. That document was drafted by CIA officials. U.S. weekly THE NATION got a copy of this document.

TRABAJADORES stated that the above-mentioned document contains plans to gradually neutralize all Salvadoran unions that oppose the regime of Jose Napoleon Duarte. The bribery of Ramon Aristeds Mendoza, leader of the peasant group called Democratic Popular Union [UPD], is mentioned as falling within the framework of this plan. Mendoza received $3,000 from officials of the American Institute for Free Labor Development, which is linked to the CIA. He received the money for getting his group to leave the National Council of Salvadoran Workers [as heard] last year. The Council coordinates the actions of the major central unions of that country.

The newspaper of the Central Organization of Cuban Trade Unions further stated that all in all the CIA plan failed because the leaders of many peasant groups that make up the UPD did not follow Mendoza. Why the CIA wants to weaken the National Council of Salvadoran Workers is clear. That group supports a peaceful solution to the country's domestic strife and wants the United States to stop meddling in the domestic affairs of El Salvador and all Central America as well.

The TRABAJADORS article stated that recently two Guatemalan labor activists, Victor Urruris and Manuel Lopez, were killed in Guatemala. The wave of terror is beginning again as there is a tendency to seek unity among diverse sectors of the Guatemalan labor movement. In February, four major central trade unions signed an agreement to unify their actions. These groups agreed to oppose an increase in the cost of living. They also agreed to strive to improve the workers' economic situation, implement land reform, and enforce respect for human rights. The stance adopted by the Guatemalan central trade unions reflects a widespread and increasingly marked tendency of the Central American unions to actively participate in solving the social and political problems of their area, and signals their interest in settling conflicts through negotiations. This situation particularly upsets the U.S. secret services.

The Cuban newspaper TRABAJADORES commented that the CIA's obvious and tacit meddling in labor affairs in El Salvador and Guatemala is seen in briberies and terror aimed at labor leaders. The goal is to destroy, isolate, weaken, or crush the Central American labor movement where the desire for unity and a solution to domestic affairs and regional problems on its own without U.S. meddling, is gaining strength.

ABRAMS MAKES 'ANTI-CUBAN' REMARKS AT CEREMONY

PA070306 Havana International Service in Spanish 1600 GMT 6 May 87

["What the Press Has to Say" feature]

[Text] Today, we will report on an article that appeared recently in the Cuban newspaper, GRANMA, the official publication of the Communist Party of Cuba. The article is entitled: Elliott Abrams, a Chronicle of an Announced Political Epitaph," and was written by journalist [Nicanor Leon Gotayo].

Elliott Abrams, the assistant secretary of state for inter-American affairs, is one of the most prominent persons involved in the political scandal that is rocking the United States. He recently tried to seek reinforcement of his post, which is in danger due to his rude attacks against Cuba. In order to do this, he chose a setting that seemed to be taken out of the Stone Age. He chose a ceremony where a so-called James Monroe Freedom Award was given to Dominican Prime Minister Eugenia Charles, whose outstanding contributions in 1983 made the U.S. Armed Forces' invasion of the small island of Grenada feasible.

GRANMA says that after Abrams made use of his habitual anti-Cuban language -- that is usually exempt from any new ideas -- he brought up three issues that must be noted. According to the speaker, the Monroe Doctrine continues valid 164 years after being defined by Monroe as the U.S. ideology for imposing its hegemony in the Americas and preventing any type of European influence over the Americas. [12-second break in transmission] said that last August, the repressive forces of that country uncovered an arms cache coming from [5-second break in transmission] Pinochet. When summarizing the current Chilean situation, Abrams added that the threat of communism is a fact.

GRANMA then concludes that the enthusiasm of the high-ranking U.S. official over the fate of Pinochet does not take anybody by surprise. On 4 July 1986, Abrams told THE WASHINGTON TIMES that General Augusto Pinochet has made great contributions to history by saving Chile from communism.

In another part of his speech, the assistant secretary of state questioned Peru's sovereignty to purchase the armaments it wants. This criticism of the Peruvians was followed by another criticism of the Latin American and Caribbean governments that have authorized their youths to travel to the USSR to study. According to Abrams, the number of such students has increased since 1979.

The assistant secretary of state for inter-American affairs then continued with his diatribe against Cuba and discussed topics that only concern the area leaders. What are his reasons? In the first place, there is the much talked-about failure of the White House maneuver in Geneva to accuse Cuba of violating human rights. In the second place, the scandal that is rocking the United States is the result of the irreponsible and adventurous policy encouraged by the hardline U.S. right wing.

The Spanish news agency EFE seemed to summarize the delicate situation of the assistant secretary of state by saying that Elliott Abrams' political future is crumbling. The same news agency cited examples and emphasized that Abrams directly participated in obtaining a $10 million donation for the Nicaraguan counterrevolutionary bands granted by the Sultan of Brunei, and now the whereabouts of that money is unknown.

Christopher Dodd, chairman of the Senate subcommittee for Latin American affairs, evaluated the Abrams case within the framework of the current investigations and told THE NEW YORK TIMES that Abrams is still in trouble. The crude anti-Cuban rhetoric used by Abrams is part of the hysterical efforts he is carrying out to remind the most conservative sectors that he is one of the loyal men these sectors can still count on to continue with -- come what may -- the stupid policy they advocate.

However, anyone who is carefully following U.S. events notices something that is becoming clearer every day. The political epitaph of Elliott Abrams has already been written and it will be fulfilled on the day that he -- like many others -- retires to attend to his private affairs.

VENEZUELA DENIES JORGE BLANCO POLITICAL ASYLUM

PA091831 Havana International Service in Spanish 1800 GMT 9 May 87

[Text] The Venezuelan Foreign Ministry's council of legal advisers has denied asylum to former Dominican President Salvador Jorge Blanco, who took refuge 9 days ago in the Venezuelan Embassy in Santo Domingo, and who is currently in a clinic in that capital, sources from that office have reported.

Jorge Blanco asked Venezuela for asylum to try to avoid prosecution by the Dominican courts because of wrongdoing during his term. This week, the former president suffered an acute coronary. A medical team is now treating him in a hospital in Santo Domingo.

COSTA RICANS REPORT CONTRAS SEEN NEAR BORDER

PA080452 Havana International Service in Spanish 2300 GMT 7 May 87

[Text] Costa Rican peasants have reported the presence of some 50 Nicaraguan counterrevolutionaries in several places in the Costa Rican Province of Heredia, on the border with Nicaragua.

According to a statement by Joaquin Rodriguez, a resident in the area, those contras are operating near the San Juan River area, and from that area they attack the Nicaraguan towns on the border.

The counterrevolutionaries who were members of the group headed by the leader Eden Pastora are responsible for the robberies, crimes, and all kind of abuses against Costa Rican peasants living in the area, Joaquin Rodriguez said.

The reports on the use of Costa Rican territory as the base for the military operations of these bands coincide with the statements made by U.S. General Richard Secord, retired, about the aid provided by that Central American country to the Nicaraguan counterrevolutionaries.

KOLMOGOROV SIGNS STANDARDIZATION AGREEMENTS

FL091820 Havana Radio Rebelde Network in Spanish 1700 GMT 9 May 87

[Text] Georgiy Kolmogorov, USSR chairman of the State Committee for Standards, and Engineer Ramon Darias Rodes, Cuban minister president of the State Committee for Standardization, have signed in Havana a scientific-technical cooperation agreement and a cooperation program in this area for 1987-90. With the signing of these documents, the ties between the standardization organs of the two countries are strengthened even more inasmuch as they seek an increase in the quality of production.

Meets With Rodriguez

FL090306 Havana Radio Reloj Network in Spanish 0202 GMT 9 May 87

[Text] Carlos Rafael Rodriguez, vice president of the Cuban Councils of State and Ministers, has met with Georgiy Dmitriyevich Kolmogorov, minister of the Soviet State Committee for Standards, who is visiting our country.

During the meeting, Kolmogorov gave Rodriguez his impression of the visits he made to Holguin, Santa Clara, and Cienfuegos and his visit with leaders of Cuban production and standardization committees. He also discussed his meeting with Comrade Roas Elena Simeon, president of the Cuban Academy of Sciences.

The two leaders analyzed standardization tasks in the USSR and the delivery inspection system at each factory. Rodriguez was given a report on the agreements reached, the preparation of cadres, and the supply of material used in Cuban standardization.

CASTRO PRESIDES OVER MEETING REVIEWING ECONOMY

FL081435 Havana Radio Progreso Network in Spanish 1100 GMT 8 May 87

[Text] Commander in Chief Fidel Castro has presided over a meeting in Havana of the central group called to analyze the behavior of the national economy during the first 3 months of the year. During the meeting, Fidel insisted we should work harder in strengthening stability and work and continue improving salary redistribution with the savings obtained by eliminating improper salaries. Fidel noted that all work is important and no worker should be forgotten. He also said that the rectification of mistakes forces us to truly prioritize development and leads us to true growth, a better use of our intelligence, our revolutionary fervor, and our material resources. This allows us to respond to the needs of our people.

'ORTHOPEDIA-87' CONGRESS INAUGURATED IN HAVANA

FL061837 Havana Radio Periodico del Aire in Spanish 1600 GMT 6 May 87

[Text] Orthopedia-87 has been inaugurated during a ceremony held at Havana's Palace of Conventions and presided over by Jose Ramon Balaguer, member of the Communist Party of Cuba [PCC] Secretariat.

The fifth Cuban congress on orthopedics and traumatology, first Ibero-American congress on orthopedics and traumatology, and first Cuban sports traumatology congress will be held within the scientific meeting.

Some 1,220 specialists from 43 countries will participate in the event. They will analyze and exchange experiences and advances reached in orthopedics at world level. Dr Juan B. Kouri, Vice Minister of Public Health, indicated in his opening remarks that this important scientific event is held in Cuba because the specialty has reached international levels. The [AO] system, external braces, compression nails and flexible prosthesis have to be noted within the development of orthopedics in Cuba. Julio Tejas, member of the PCC Central Committee and public health minister, Professor Dr Rodrigo Alvarez Cambra, member of the PCC Central Committee, and chairman of the meeting's organizing committee, were also presiding over the event.

Castro Presides Over Closing

FL091145 Havana Radio Progreso Network in Spanish 1100 GMT 9 May 87

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, has presided over in Havana the closing ceremony of the Orthopedia-87 forum. Fidel presented to Professor Jack Warner, secretary general of the International Society of Orthopedic and Traumatology Surgery, a diploma accrediting him as a member of the Cuban Society of Orthopedics and Traumatology. Prestigious specialists from various countries were also presented with the diploma. Professor Rodrigo Alvarez Cambra, chairman of the meeting's organizing committee, reported that over 1,600 Cuban and foreign delegates from 45 countries participated in the event. Dr Jose Ramon Balaguer, secretary of the Communist Party of Cuba Central Committee, made the closing remarks. He said Orthopedia-87 marks a new phase of that medical specialty in Cuba and added that the resulting experiences will be used to benefit the people's health.

CAMILO CIENFUEGOS SCHOOLS REPORT POSITIVE RESULTS

FL080200 Havana Television Service in Spanish 0000 GMT 8 May 87

[Text] Cuba has 16 Camilo Cienfuegos Military Vocational Schools. Last September, these schools were designated pre-university centers for the exact sciences. The results have been positive so far. Programs have been strengthened in physical education, chemistry, and mathematics. Computers, which the students have given an excellent reception, have been introduced into the program of studies.

The professors have developed an intensive plan of activities to achieve the necessary knowledge required to present the material at a professional level. Each school has laboratories with the necessary equipment and computers. Students at these schools also receive an adequate military education so that they can proceed to higher-education centers. The program requires that everyone study intensely and the results have been satisfactory. More than 90 percent of the students have been promoted and this will contribute to the development of an integral FAR official, who will be able to fulfill the tasks of defending revolutionary victories.

UNIFICATION OF CONTRA FACTIONS REPORTED

PA090046 Havana International Service in Spanish 2300 GMT 7 May 87

[Amalia Sanmartino Commentary]

[Text] At a time when each group was recently fighting for hegemony in the so-called struggle for Nicaragua's freedom, counterrevolutionary leaders have unexpectedly announced in Washington that they have reached an agreement to unite the bands that are trying to overthrow the Sandinist government.

Pedro Joaquin Chamorro and well-known Somozist Adolfo Calero made this statement, which suspicously coincided with the biggest setback suffered by these groups since they began their terrorist actions. According to a Nicaraguan Defense Ministry communique, the mercenaries sustained 723 casualties from 5 April to 5 May in contra actions that were never aimed at military objectives.

The terrorist nature of the mercenary groups and their lack of morale are clearly shown in the 42 actions carried out recently. These actions were basically aimed at blowing up pylons, attacking cooperatives, and murdering peasants.

This alleged unification draws increased attention because, only a few months ago, the fight over U.S. money and the drug and arms trafficking -- which have nothing to do with the alleged Nicaraguan freedom [as heard] -- resulted in disputes and fights among revolutionary leaders and the resignation of two of them.

At that time, Arturo Curz justified his resignation from the Nicaraguan Opposition Unity by making accusations against the U.S. Administration, blaming it for the failure of the counterrevolution.

Much was said about the U.S. Government's promotion of the counterrevolutionaries' resignations in an effort to improve the image of the bands. However, the feuds continued over the U.S. funds.

Inasmuch as the defeat is very noticeable, and the differences are continuing, one can surmise that this alleged unification of the mercenary bands is merely a publicity stunt.

ANNIVERSARY OF SOVIET VICTORY OVER FASCISM RECALLED

FL071832 Havana Radio Periodico del Aire in Spanish 1600 GMT 7 May 87

[Text] The Cuban-Soviet Friendship Association's main event on the occasion of the 42d anniversary of the victory of the Soviet people over fascism was held at the Jose Marti Military Technical Institute in Havana. Colonel Vladimir Mikhotin, first vice charge d'affaires at the USSR Embassy in Cuba, stressed the combatant and internationalist tradition of the glorious Red Army which was born during the civil war and developed during the Great Patriotic War. At the conclusion of the event, Lieutenant Colonel Salvador Carreno said that the victory of the Soviet people over fascism represents an eternal example of the political, ideological, and economic superiority of socialism in fact of capitalism.

DOMINICAN PRESIDENT OFFERS 'FACILITIES' TO JORGE

FL091300 Havana Radio Progreso Network in Spanish 1100 GMT 9 May 87

[Text] Dominican President Joaquin Balaguer offered today facilities to former President Salvador Jorge Blanco, who is in serious condition after suffering a heart attack. The former president was staying as a guest at the home of Venezuelan Ambassador Abel Clavijo.

Possible Transfer to Atlanta

FL091340 Havana Radio Reloj Network in Spanish 1207 GMT 9 May 87

[Text] The chief of the medical team treating former Dominican President Salvador Jorge Blanco for acute coronary failure has announced that efforts are being made to transfer him to Atlanta, United States, as soon as possible. The former Dominican president, who sought refuge 8 days ago at the Venezuelan Embassy in Santo Domingo after a court hearing on charges of administrative corruption, continues to be under Venezuelan protection.

ANGOLAN, IRISH DEPUTIES BRIEFED; SRI LANKANS LEAVE

FL070111 Havana Radio Rebelde Network in Spanish 2300 GMT 6 May 87

[By Gisela Bel]

[Text] Lucio Lara, first secretary of the Angolan People's Assembly today received the keys to Havana. This act was in recognition of Lara's revolutionary merits in seeking Angolan independence.

The Irish delegation of parliamentarians, which has been in Cuba since Monday [4 May] and is headed by [Liam Hyland], chairman of the Finance Committee of the Irish Parliament, was received at the National Assembly of the People's Government [ANPP].

During a productive meeting with Luis Mendez Morejon, ANPP secretary, (Hyland) and his companions learned of the structure and efforts of local ANPP organs. They also expressed their desire for expanding relations between the two parliaments.

Also in Havana, a meeting was held between Lucio Lara, first secretary of the Angolan People's Assembly, and Pedro Chavez, president of the City of Havana Province ANPP.

This afternoon, Mr (Norman Guargaragni), vice president of the parliament of the Democratic Socialist Republic of Sri Lanka, and his delegation, departed after a 6-day visit.